



City of Wilmington  
North Carolina

# Comprehensive Annual Financial Report

For the Fiscal Year Ended  
June 30, 2005



City of Wilmington  
North Carolina

## Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2005

Prepared by the Finance Department



# CITY OF WILMINGTON, NORTH CAROLINA

## Comprehensive Annual Financial Report

Year Ended June 30, 2005

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**City Council**

Spence H. Broadhurst, Mayor  
Laura W. Padgett, Mayor Pro-Tem  
Katherine B. Moore  
James L. Quinn, III  
Jason Thompson  
Vassilios A. Saffo  
Lethia S. Hankins

**City Manager**

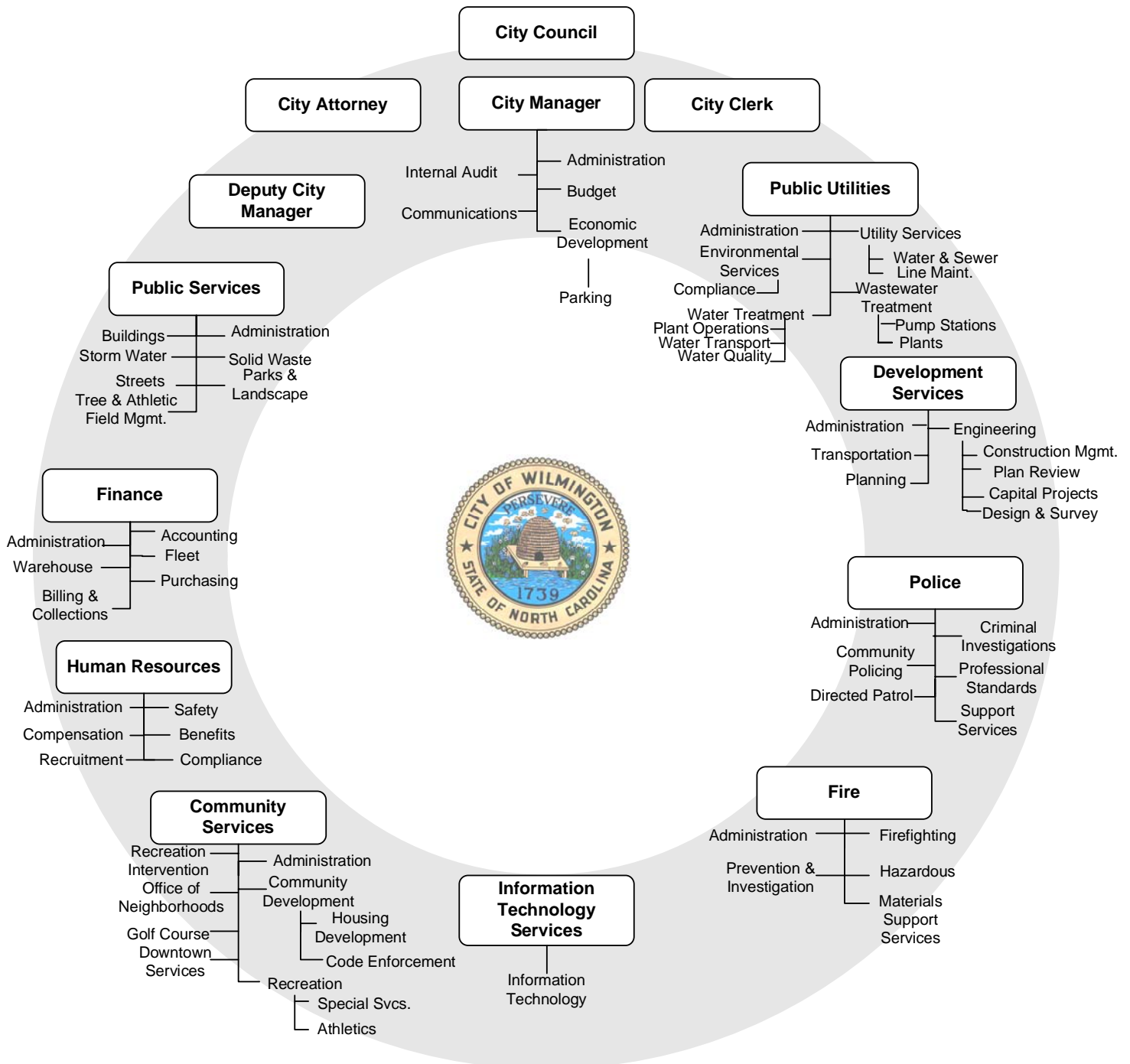
Sterling B. Cheatham

**Finance Director**

W. Brent McAbee



# City of Wilmington North Carolina













Finance Department

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November 18, 2005

Honorable Mayor, Members of the  
City Council and City Manager  
CITY OF WILMINGTON  
Wilmington, North Carolina

The Comprehensive Annual Financial Report of the City of Wilmington, North Carolina, for the fiscal year ended June 30, 2005, is submitted herewith. This report was prepared by the City's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with City management. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect City assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is accurate in all material aspects; it is presented in a manner designed to present fairly the financial activity of its various funds and component unit; and all disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and compliance. The introductory section includes this transmittal letter, the Certificate for Excellence in Financial Reporting for the fiscal year ended June 30, 2004, the City's organization chart and a listing of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis and basic financial statements including notes to financial statements and required supplementary information. Management discussion and analysis complements this letter of transmittal and should be read in conjunction with it. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The compliance section presents information in conformity with provisions of the Federal and State Single Audit Acts, which establish audit requirements for state and local governments that receive federal and state awards. This section includes schedules of federal and state awards, findings and questioned costs and the independent auditor's reports on internal control and compliance with applicable laws and regulations.

## **INDEPENDENT AUDIT**

The General Statutes of North Carolina (Section 159-34) require an independent financial audit of all local governmental units. The City's financial statements have been audited by Lanier, Whaley, Craft and Company, a firm of licensed certified public accountants appointed by City Council. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2005, are free of material misstatement. Their audit was performed in accordance with generally accepted auditing standards and government auditing standards, and accordingly, included such tests of the accounting records and such other auditing procedures as they considered necessary in the circumstances. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2005 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements involving the administration of federal and state awards.

## **PROFILE OF GOVERNMENT**

The City is located in southeastern North Carolina on the Atlantic Coast. The City, which was incorporated in 1739, presently covers a land area of 54 square miles and has a population of 94,718. The City is empowered to levy a property tax on the appraised value of all real and certain tangible personal property located in the City. New Hanover County is the only other unit levying taxes within the City's corporate limits. The City is also empowered by statutes to extend its corporate limits by annexation.

The City has a Council-Manager form of government. The Council is comprised of the Mayor and six Council members. The Mayor is elected at large every two years and the Council members are elected at large every four years with staggered terms. The Council is the legislative body of city government with the Mayor as a voting member and the presiding officer. The city manager is appointed by the Council and administers the daily operations of the City through appointed department heads.

The City provides the full range of services contemplated by statute. This includes police, fire, sanitation, streets, public improvements, planning and zoning and general administrative services. The City also operates a consolidated water and sewer utility system, a ground water utility system, parking facilities, golf course, and provides solid waste and storm water management services. In addition, the Cape Fear Public Transportation Authority, a component unit, provides bus transit services within the City.



While Wilmington's 6.6% manufacturing employment base is below the state average, the unemployment rate has consistently been less than state and federal levels. This is in part due to the diversity of the local economy with professional services, trade, health care, the hospitality industry, and construction comprising over 60% of the workforce. Major employers in the City with over 1,000 employees include New Hanover Health Network, University of North Carolina at Wilmington, New Hanover County Board of Education, New Hanover County, and the City of Wilmington. In addition, two pharmaceutical companies located in Wilmington have a combined workforce of over 1,600 with salaries well above the area average.

New Hanover Health Network (NHHN) continues to expand its services and is southeastern North Carolina's leading health-care provider with over 4,600 employees (3,600 in Wilmington). Design is underway for a four-year \$190 million expansion of their Wilmington facilities. The plan features a consolidation of the women and children's services in new construction as well as a new surgery pavilion on the main campus. The existing patient tower will be renovated with an increase in private rooms from 40 to 64 percent of overall rooms. Finally, emergency services will be enhanced with a new suburban ER unit and a significant expansion of the main campus ER.

The University of North Carolina at Wilmington (UNCW), for the eighth consecutive year, was rated among the top 10 public regional universities in the south by *U.S. News and World Report*. UNCW's enrollment is approximately 11,500 in the fall of 2005. In addition to UNCW, Cape Fear Community College (CFCC) is one of the largest schools in the North Carolina Department of Community Colleges system with almost 5,900 students enrolled for fall 2005.

A number of notable business expansions and relocations have occurred over the past year. Work was completed on the construction of Verizon Wireless' \$30 million call center in August 2004 that will add 1,200 new jobs. In February 2005, the City and County approved an incentive package with Pharmaceutical Product Development, Inc. (PPD) in connection with construction of a new world headquarters facility in the City's downtown area. PPD is a global provider of discovery and development services for pharmaceutical companies. The headquarters construction and adjacent parking structure will total over \$90 million when completed. The company has also committed to increase their local workforce by at least 1,000 within seven years.

Tourism remains the largest economic driver in the area in terms of employment and revenues with an estimated 1.8 million visitors generating \$312 million with total impact of \$780 million in 2004. In addition, the filmmaking industry remains an important economic force in the City. Since 1998 a total of \$472 million in film generated revenues has made the area one of the nation's largest producers with network shows such as "One Tree Hill" and "Surface" in current production.

## **ACCOMPLISHMENTS AND INITIATIVES**

During FY 2004-05, the City achieved a number of improvements in municipal operations and services provided to the citizens of the City. Some of the more significant accomplishments for the year and major program initiatives for the future are identified below:

Convention Center. In February 2003, the City Council approved, pursuant to state enabling legislation, a 3% increase in the room occupancy tax. As of June 30, 2005 the City had received over \$3 million in room occupancy receipts. The proceeds from this portion of the room occupancy tax are restricted to the construction and operation of a convention facility. The City has entered into a General Development Agreement with a developer for the construction of the convention center, public parking deck, and a privately owned hotel. The convention center facility will be built on a site the City has acquired on the riverfront in downtown Wilmington.

Development and Redevelopment. The City of Wilmington has a variety of development and redevelopment challenges and opportunities. The City's annual population growth rate was fairly consistent from 1940 to 1980 – at around 1%. In the 1980s and 1990s, the annual growth rate was approximately 2%. In 1999 and 2000, the City annexed approximately 26,000 people, contributing to a rapid population growth. Since the annexations, the growth rate has been approximately 1.2% per year. The City is approximately 90% developed and with a growth rate of 1.5% per year, total build-out would occur within 20 years. Redevelopment of aging commercial areas is an emerging trend as vacant land becomes scarcer. Surrounding areas continue to increase in population while Wilmington maintains its position as the regional commercial hub.

Suburban mixed use development on undeveloped sites continues as three large projects (Mayfaire and Fairfield) totaling almost 700 acres are under development. A 43-acre parcel is proposed for rezoning for mixed use.

The City adopted a Future Land Use Plan in 2004 and four supporting major road corridor plans. These long range plans provide policy direction for development and redevelopment including forming the basis for long range capital improvement plans. In addition to these plans, the City completed a five-year update to the Downtown Vision 2020 Plan that was adopted in December 2004.

The City completed a major update to its 20-year old development regulations. The updated “Land Development Code” is also in a more efficient format and was adopted by City Council in December 2004.

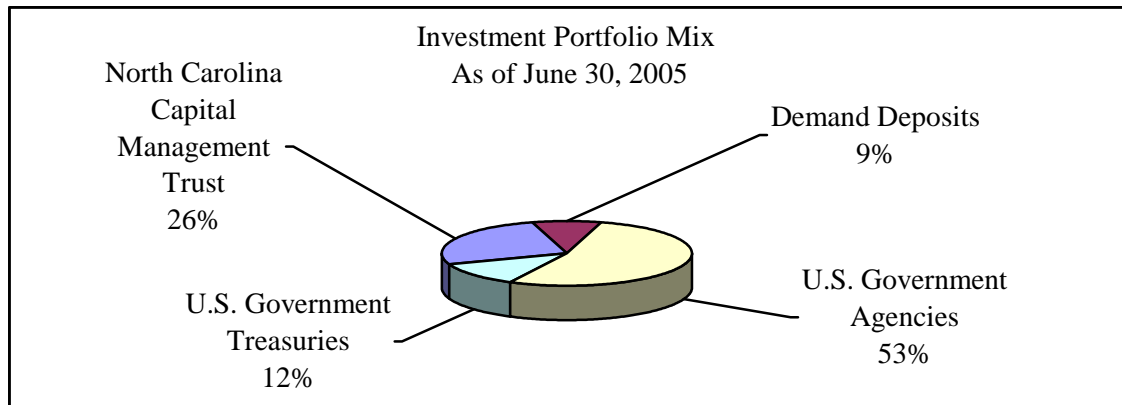
The Northside Community Plan was adopted in 2003. The Year-Two progress report showed that the City is on target with most of its year-two action steps. The Northside Neighborhood Association has also met many of its year two action steps. The Northside Resource Center celebrated its grand opening in April 2005, far ahead of the planned year ten opening.

Staff updated the Wilmington Urban Transportation Plan in March 2005. The updated Coastal Area Management Act (CAMA) Environmental Plan is under review by the NC Department of Environmental and Natural Resources and is anticipated to be presented to City Council for approval in early 2006.

Public Facilities. In September 2004, a \$9 million 550 space parking deck was opened downtown. The \$9 million second phase of a 40-acre operations center was completed in April 2005 with facilities for traffic engineering, streets maintenance, storm water maintenance, and fleet maintenance. A third and final phase, estimated at \$5 million, is scheduled to begin in August 2005 with a one-year construction period. Construction also began in June 2005 on a new Police Headquarters building. Total construction cost on the 85,000 square foot two-story facility, expected to be completed in October 2006, is estimated at \$24 million.

## CASH MANAGEMENT

The City's investment policy is designed to minimize credit and market risks while maintaining a competitive yield on its portfolio. Available cash is invested in interest bearing demand deposits, obligations of the U.S. Treasury and governmental agencies, and the North Carolina Capital Management Trust (an SEC registered money market fund), in accordance with North Carolina General Statute 159-30. Deposits are either insured by the federal depository insurance or are collateralized by securities held by the State Treasurer's agent in the name of the State Treasurer. At June 30, 2005, the City held \$146.7 million in cash and investments in the following mix:



## RISK MANAGEMENT

The City has a self-insured medical insurance program with administration of the program by Blue Cross/Blue Shield of North Carolina. In addition, the City contracts with Blue Cross for stop-loss pooling of claims on an individual basis once a claim reaches \$150,000 during a contract period. Aggregate stop-loss limits the City's losses to 125 percent of expected claims. The City has established a reserve for existing claims as of June 30, 2005 of \$706,906.

The City is also a self-insurer for workers' compensation insurance up to a maximum of \$300,000 per claim for general employees and \$500,000 for public safety employees with an aggregate annual limit of \$3,000,000. The City has established a reserve for existing claims as of June 30, 2005 of \$203,187. Funding is included in the General Fund for expected claims. The City purchases property, general liability, and crime insurance through qualified commercial insurers at a level deemed appropriate for each type of coverage. The coverages are placed by New Hanover County Risk Management pursuant to an interlocal agreement with the City.

## CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wilmington for its comprehensive annual financial report for the fiscal year ending June 30, 2004. The Certificate of Achievement is a prestigious national award recognizing achievement with the highest standards in government accounting and financial reporting.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Wilmington has received a Certificate of Achievement for twenty consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA.

## **ACKNOWLEDGMENTS**

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I especially express my appreciation to Carolyn Stokley, Alice Johnson, Stephanie Jacobs, Bryon Dorey, and Barbara Williams for their efforts and contributions to the preparation of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "W. Brent McAbee". The signature is fluid and cursive, with the first and last names being more prominent.

W. Brent McAbee, CPA  
Finance Director



# Certificate of Achievement For Excellence in Financial Reporting

Presented to

City of Wilmington,  
North Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



## **Lanier, Whaley, Craft & Co.**

Certified Public Accountants and Consultants

### **Independent Auditor's Report**

The City Council  
City of Wilmington, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wilmington, North Carolina, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Wilmington's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wilmington, North Carolina as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 18, 2005 on our consideration of the City of Wilmington's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Law Enforcement Officer's Special Separation Allowance Schedule of Funding Progress and Schedule of Employer Contributions on pages 3 through 14 and 78 and 79 respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the City of Wilmington, North Carolina. The introductory information, combining, and individual nonmajor fund financial statements and schedules and the statistical tables, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied by us in the audit of basic financial statements and, accordingly, we express no opinion on them.

*Lamier, Whaley, Craft & Co.*

Wilmington, North Carolina  
November 18, 2005

## Management's Discussion and Analysis

As management of the City of Wilmington, we offer readers of the City of Wilmington's financial statements this narrative overview and analysis of the financial activities of the City of Wilmington for the fiscal year ended June 30, 2005. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

### Financial Highlights

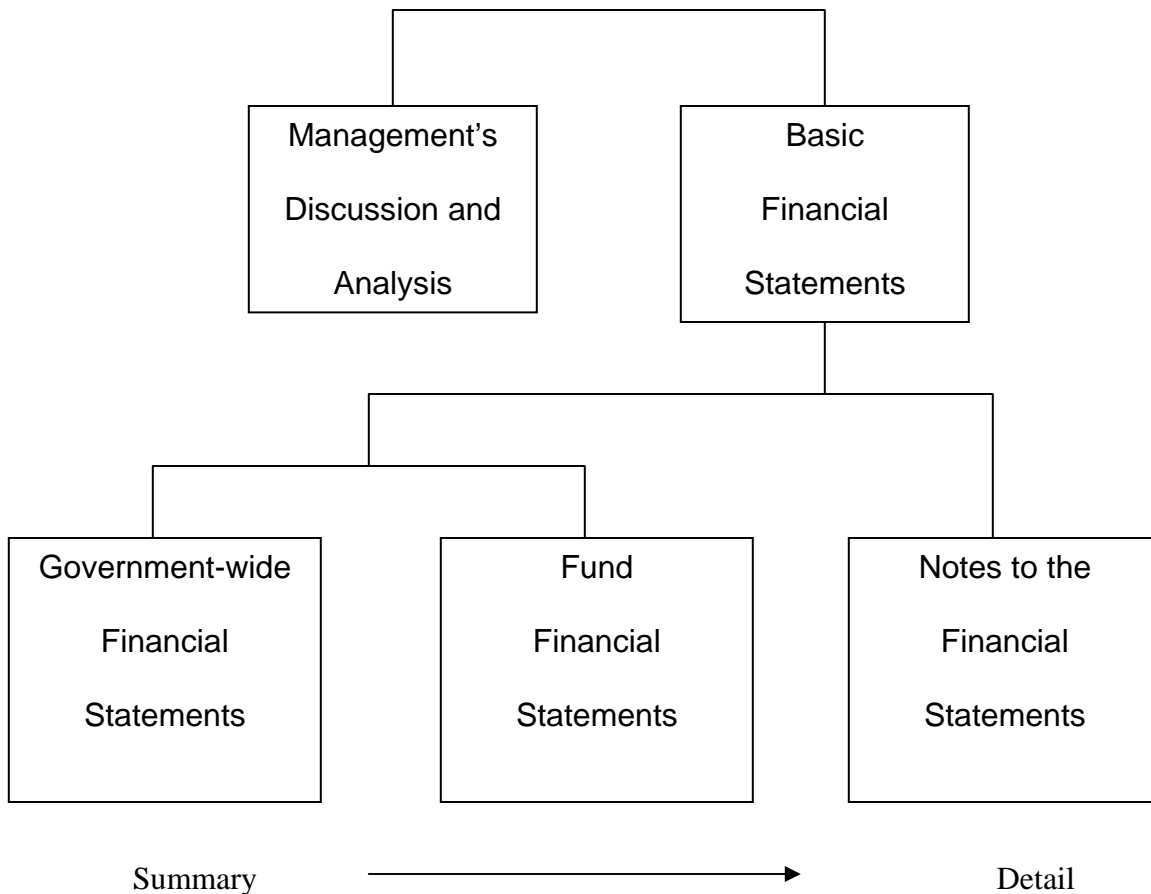
- The assets of the City of Wilmington exceeded its liabilities at the close of the fiscal year by \$266,731,573 (*net assets*).
- The government's total net assets increased by \$22,870,990 with approximately 66.2% of that amount accounted for in the net assets of the governmental activities.
- As of the close of the current fiscal year, the City of Wilmington's governmental funds combined ending fund balances increased \$41,439,848 over the prior year to a total of \$100,565,577. Approximately 23% of this amount, or \$23,104,467, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$21,197,032 or 34.9% of total general fund expenditures for the fiscal year.
- The City of Wilmington's total long-term liabilities (excluding compensated absences) increased by \$34,845,426 or 28.0% during the current fiscal year. Total long-term liabilities increased for governmental activities as repayments of existing long-term liabilities were offset by the issuance of \$39,170,000, excluding debt issued for advance refunding, in installment obligations and \$2,064,811 in other long-term obligations. Total long-term liabilities decreased for business-type activities as the issuance of \$1,465,000 in installment obligations was offset by repayments of existing long-term liabilities.
- The City's general obligation bond rating was upgraded from AA3 to AA2 by Moody's Investment Service.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Wilmington's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Wilmington.

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

## **Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net assets and how they have changed. Net assets are the difference between the City's total assets and total liabilities. Measuring net assets is one way to gauge the City's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include water and sewer services, solid waste services, parking facilities, storm water management, and a golf course operated by the City. The final category is the component unit. Although legally separate from the City, the Cape Fear Public Transportation Authority is important to the City because the Authority is fiscally dependant upon the City.

The government-wide financial statements are on pages 15 - 17 of this report.

## **Fund Financial Statements**

The fund financial statements (see figure 2) provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Wilmington, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of City of Wilmington can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Wilmington adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary Funds** – The City of Wilmington has two different kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Wilmington uses enterprise funds to account for its water and sewer services, golf course operations, solid waste services, storm water management, and operations of the parking facilities. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of the City of Wilmington. The City uses an internal service fund to account for two activities – fleet operations and personal computer replacement. Because these operations benefit predominantly governmental rather than business-type activities, the internal service fund has been included within the governmental activities in the government-wide financial statements.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 36 - 77 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Wilmington's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 78 of this report.

## Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. At the end of the current fiscal year the City of Wilmington was able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. The assets of the City of Wilmington exceeded liabilities by \$266,731,573 as of June 30, 2005. The City's net assets increased by \$22,870,990 for the fiscal year ended June 30, 2005.

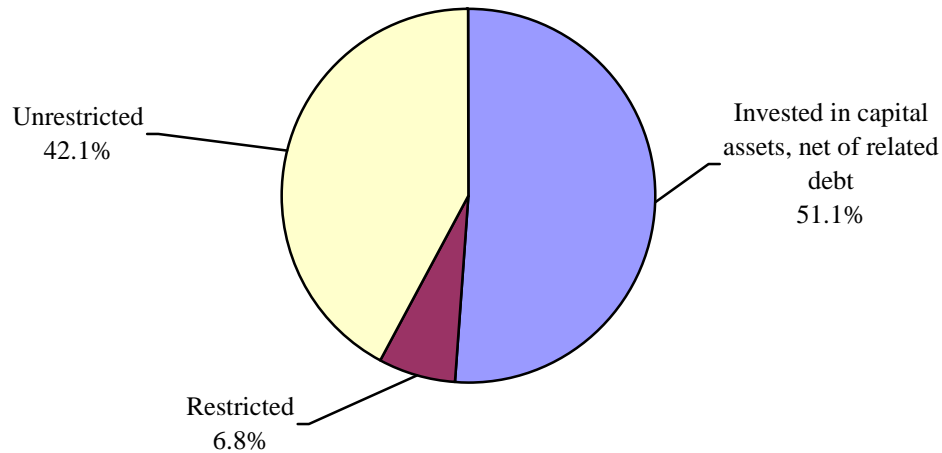
A significant portion of the City of Wilmington's net assets (51.1%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Wilmington uses these capital assets to provide services to citizens; consequently those assets are not available for future spending. Although the City of Wilmington's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

**Net Assets**  
**Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>ASSETS:</b>						
Current and other assets	\$118,314,849	\$76,453,016	\$ 61,346,933	\$ 61,568,189	\$179,661,782	\$138,021,205
Capital assets	69,247,618	59,583,291	192,266,534	188,980,126	261,514,152	248,563,417
Total assets	<u>187,562,467</u>	<u>136,036,307</u>	<u>253,613,467</u>	<u>250,548,315</u>	<u>441,175,934</u>	<u>386,584,622</u>
<b>LIABILITIES:</b>						
Long-term liabilities	83,132,416	44,453,980	82,341,749	86,111,741	165,474,165	130,565,721
Current and other liabilities	5,256,054	7,548,804	3,714,142	4,609,514	8,970,196	12,158,318
Total liabilities	<u>88,388,470</u>	<u>52,002,784</u>	<u>86,055,891</u>	<u>90,721,255</u>	<u>174,444,361</u>	<u>142,724,039</u>
<b>NET ASSETS:</b>						
Invested in capital assets, net of related debt	25,294,237	21,147,929	111,044,036	106,189,683	136,338,273	127,337,612
Restricted	13,456,749	9,915,472	4,677,245	4,417,410	18,133,994	14,332,882
Unrestricted	60,423,011	52,970,122	51,836,295	49,219,967	112,259,306	102,190,089
Net assets	<u>\$ 99,173,997</u>	<u>\$84,033,523</u>	<u>\$167,557,576</u>	<u>\$159,827,060</u>	<u>\$266,731,573</u>	<u>\$243,860,583</u>



### Net Assets



An additional portion of the City of Wilmington's net assets of \$18,133,994 (6.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$112,259,306 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

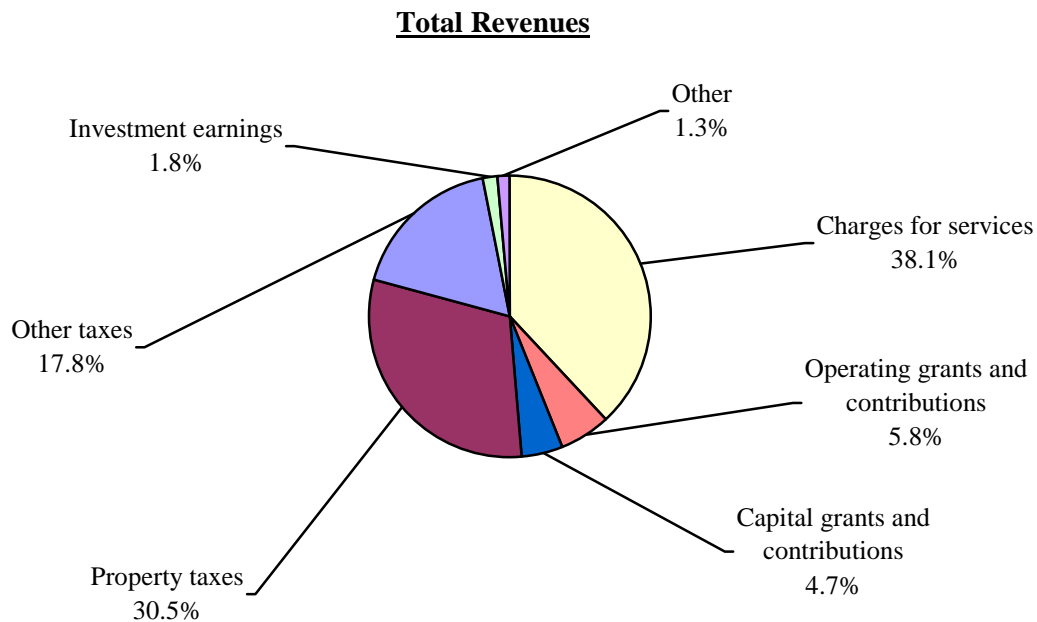
Several particular aspects of the City's financial operations positively influenced the total unrestricted governmental net assets:

- Continued diligence in the collection of property taxes by maintaining a tax collection rate of 98.25% which is above the statewide average of 97.76% as reported for cities over 50,000 in population for the year ending June 30, 2004.
- Increased sales tax revenues of approximately \$1,245,000.
- Revenues of \$3,551,896 in the 3% room occupancy tax levied for funding of a convention center facility.
- Charges for services increased by \$3,701,278.

## Changes in Net Assets

**Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 6,279,378	\$ 5,403,469	\$ 43,203,360	\$ 40,377,991	\$ 49,482,738	\$ 45,781,460
Operating grants and contributions	7,561,229	6,821,511	-	40,000	7,561,229	6,861,511
Capital grants and contributions	2,150,342	5,110,524	3,911,415	3,920,708	6,061,757	9,031,232
General revenues:						
Property taxes	39,525,332	39,462,243	-	-	39,525,332	39,462,243
Other taxes	23,092,652	18,089,680	-	-	23,092,652	18,089,680
Investment earnings	1,392,501	681,664	943,660	702,389	2,336,161	1,384,053
Other	<u>1,670,954</u>	<u>1,522,404</u>	<u>-</u>	<u>3,712</u>	<u>1,670,954</u>	<u>1,526,116</u>
Total revenues	<u>81,672,388</u>	<u>77,091,495</u>	<u>48,058,435</u>	<u>45,044,800</u>	<u>129,730,823</u>	<u>122,136,295</u>
Expenses:						
General government	13,797,417	13,908,704	-	-	13,797,417	13,908,704
Public safety	29,693,336	29,312,990	-	-	29,693,336	29,312,990
Transportation	7,173,171	8,755,214	-	-	7,173,171	8,755,214
Economic and physical development	4,092,091	4,148,984	-	-	4,092,091	4,148,984
Culture and recreation	5,481,105	5,035,661	-	-	5,481,105	5,035,661
Transit system	2,835,153	2,114,212	-	-	2,835,153	2,114,212
Hurricane disaster recovery	899,162	-	-	-	899,162	-
Interest and other charges	2,243,752	1,674,471	-	-	2,243,752	1,674,471
Water and sewer	-	-	22,296,851	22,110,902	22,296,851	22,110,902
Ground water utility	-	-	3,604,276	3,159,538	3,604,276	3,159,538
Solid waste management	-	-	6,761,069	6,536,515	6,761,069	6,536,515
Storm water management	-	-	5,292,644	5,042,432	5,292,644	5,042,432
Golf	-	-	832,772	867,190	832,772	867,190
Parking facilities	-	-	1,857,034	1,060,952	1,857,034	1,060,952
Total expenses	<u>66,215,187</u>	<u>64,950,236</u>	<u>40,644,646</u>	<u>38,777,529</u>	<u>106,859,833</u>	<u>103,727,765</u>
Increase in net assets before transfers	15,457,201	12,141,259	7,413,789	6,267,271	22,870,990	18,408,530
Transfers from (to) other funds	<u>(316,727)</u>	<u>(339,787)</u>	<u>316,727</u>	<u>339,787</u>	<u>-</u>	<u>-</u>
Increase in net assets	<u>15,140,474</u>	<u>11,801,472</u>	<u>7,730,516</u>	<u>6,607,058</u>	<u>22,870,990</u>	<u>18,408,530</u>
Net assets at beginning of year as previously stated	84,033,523	70,492,142	159,827,060	153,220,002	243,860,583	223,712,144
Prior period adjustment	<u>-</u>	<u>1,739,909</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,739,909</u>
Net assets at beginning of year as restated	<u>84,033,523</u>	<u>72,232,051</u>	<u>159,827,060</u>	<u>153,220,002</u>	<u>243,860,583</u>	<u>225,452,053</u>
Net assets at end of year	<u>\$ 99,173,997</u>	<u>\$ 84,033,523</u>	<u>\$ 167,557,576</u>	<u>\$ 159,827,060</u>	<u>\$ 266,731,573</u>	<u>\$ 243,860,583</u>



**Governmental activities.** Governmental activities increased the City's net assets by \$15,140,474, accounting for 66.2% of the total growth in the net assets of the City of Wilmington. Key elements of this increase are as follows:

- Revenues related to governmental activities increased by 6% despite a decrease of approximately \$3 million in capital grants and contributions.
- Program revenues provided 20% of the support for governmental activities.
- Capital contributions from developers of general government capital assets (streets and sidewalks) totaled \$771,286.

**Business-type activities.** Business-type activities increased the City of Wilmington's net assets by \$7,730,516, accounting for 33.8% of the total growth in the government-wide net assets. The largest increase in net assets was \$5,651,005 in the Water and Sewer Fund after \$2,676,403 in capital contributions. Key elements of the increase are as follows:

- Charges for services increased by \$2,825,369 or 7% over the prior year with approximately \$1,014,000 of that increase related to a rate adjustment on water and sewer usage.
- Expenses related to business-type activities increased by \$1,867,117 or 4.8% from the prior year.

## Financial Analysis of the City's Funds

As noted earlier, the City of Wilmington uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City of Wilmington's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Wilmington's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City of Wilmington. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$21,197,032 while total fund balance reached \$28,920,845. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 34.9% of total General Fund expenditures, while total fund balance represents 47.6% of that same amount.

At June 30, 2005, the governmental funds of the City of Wilmington reported a combined fund balance of \$100,566,577, a 70% increase over last year. The General Fund, capital projects funds, debt service fund, and special revenue funds are included in this combined amount.

**General Fund Budgetary Highlights.** During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once more precise information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Revenues (excluding transfers) exceeded budget estimates by \$3,966,765 for the fiscal year. The largest increase from the prior fiscal year was in local option sales tax. Revenues from this source increased by \$1,244,901 or 9.2%. The decrease in the City's share of the countywide sales tax distribution (based on ad valorem tax effort) from 23.52% to 22.79% was offset by an overall 10.6% increase in sales tax distributions in New Hanover County. The total local option sales tax levy is now 2.5 cents in New Hanover County.

Expenditures (excluding transfers) in the General Fund were \$3,783,104 less than the \$64,560,973 budget. Operating expenditures were approximately \$1,848,637 under budget and personnel expenditures were approximately \$1,352,223 under budget.

**Proprietary Funds.** The City of Wilmington's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water and Sewer Fund at the end of the fiscal year amounted to \$37,632,318. The unrestricted net assets of the other five proprietary funds totaled \$14,203,977.

## Capital Asset and Debt Administration

**Capital assets.** The City of Wilmington's investment in capital assets for its governmental and business-type activities as of June 30, 2005 was \$261,514,152 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles. The City has not included general infrastructure acquired prior to July 1, 2002. These capital assets will be included in the statement of net assets within the four-year period permitted by Governmental Accounting Standards Board Statement No. 34.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

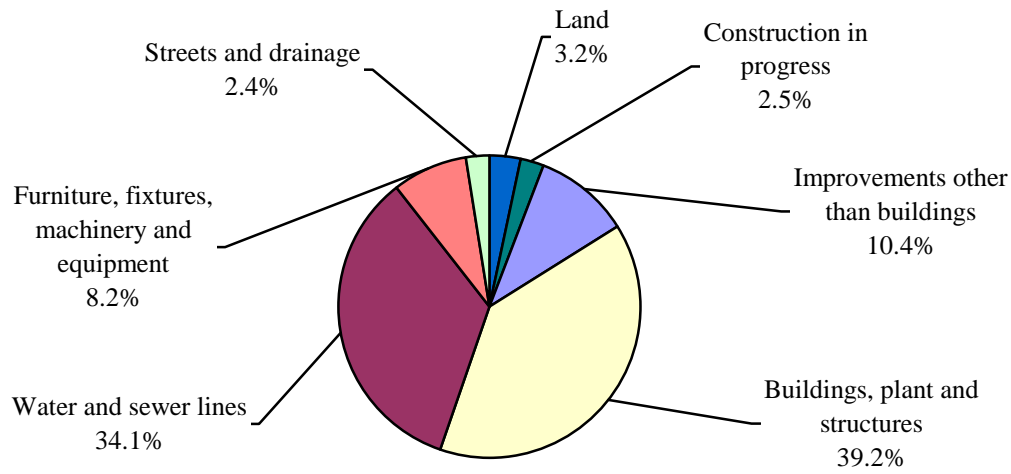
- An increase of \$8,004,475 in buildings and structures for governmental activities represented the largest increase in governmental activity capital assets and was primarily comprised of the Operation Center, phase II and Halyburton Park.
- The completion of the Market Street Parking Facility was largely responsible for the \$11,204,929 increase in buildings and structures in the business-type activities capital assets.

### Capital Assets

**Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 8,090,728	\$ 8,090,728	\$ 3,776,717	\$ 3,776,717	\$ 11,867,445	\$ 11,867,445
Construction in progress	<u>2,700,577</u>	<u>5,423,019</u>	<u>6,713,213</u>	<u>13,399,705</u>	<u>9,413,790</u>	<u>18,822,724</u>
Total non-depreciable assets	<u>10,791,305</u>	<u>13,513,747</u>	<u>10,489,930</u>	<u>17,176,422</u>	<u>21,281,235</u>	<u>30,690,169</u>
Improvements other than buildings	12,930,455	9,400,164	25,788,636	24,633,937	38,719,091	34,034,101
Buildings, plant and structures	44,520,405	36,515,930	101,703,424	90,498,495	146,223,829	127,014,425
Water and sewer lines	-	-	127,213,275	123,341,738	127,213,275	123,341,738
Furniture, fixtures, machinery and equipment	27,536,929	25,672,640	3,186,061	3,052,190	30,722,990	28,724,830
Streets and drainage	<u>8,777,703</u>	<u>6,642,287</u>	-	-	<u>8,777,703</u>	<u>6,642,287</u>
Total assets being depreciated	93,765,492	78,231,021	257,891,396	241,526,360	351,656,888	319,757,381
Accumulated depreciation	<u>(35,309,179)</u>	<u>(32,161,477)</u>	<u>(76,114,792)</u>	<u>(69,722,656)</u>	<u>(111,423,971)</u>	<u>(101,884,133)</u>
Total capital assets being depreciated, net	<u>58,456,313</u>	<u>46,069,544</u>	<u>181,776,604</u>	<u>171,803,704</u>	<u>240,232,917</u>	<u>217,873,248</u>
Total capital assets, net	<u>\$ 69,247,618</u>	<u>\$ 59,583,291</u>	<u>\$ 192,266,534</u>	<u>\$ 188,980,126</u>	<u>\$ 261,514,152</u>	<u>\$ 248,563,417</u>

### Capital Assets



Additional information on the City's capital assets can be found in note 4 on pages 53-56 of this report.

**Long-term Liabilities.** As of June 30, 2005, the City of Wilmington had total bonded debt outstanding of \$67,268,416. Of this amount, \$48,850,000 is general obligation debt backed by the full faith and credit of the City. Of the general obligation debt a total of \$33,598,299 is paid with storm water and water and sewer system revenues, although the City's taxing authority is the true security to the bondholders in the form of general obligation bonds. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds) of the water and sewer system.

### **Outstanding Long-term Liabilities General Obligation and Revenue Bonds**

**Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$ 15,251,701	\$ 17,819,954	\$ 33,598,299	\$ 36,920,046	\$ 48,850,000	\$ 54,740,000
Revenue bonds	-	-	18,418,416	19,351,017	18,418,416	19,351,017
Total	<u>\$ 15,251,701</u>	<u>\$ 17,819,954</u>	<u>\$ 52,016,715</u>	<u>\$ 56,271,063</u>	<u>\$ 67,268,416</u>	<u>\$ 74,091,017</u>

The City of Wilmington's total bonded debt decreased by \$6,822,601(9.2%) during the past fiscal year. No new bonded debt was issued during the fiscal year ended June 30, 2005.

The City of Wilmington's general obligation bond rating was upgraded by Moody's in April 2005 from a AA3 to AA2. At June 30, 2005, the general obligation debt was rated AA by Fitch and Standard and Poor's. The revenue bonds of the Water and Sewer Fund have been rated A+ by Fitch and A1 by Moody's.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt limit for the City of Wilmington is \$683,401,202. The City has no authorized but unissued bonds at June 30, 2005.

Additional information on the City of Wilmington's long-term debt can be found in note 4 on pages 63-70 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The following key economic indicators reflect the growth and prosperity of the City.

- The City of Wilmington's unemployment rate of 4.5% at June 30, 2005 was below the State average of 5.5% and the national average of 5.2%.
- Continued strong growth in construction; building permits valued at \$313,179,000 or 3.7% of the appraised property values issued for fiscal year 2005.
- Sales tax receipts (county-wide) were up almost 10.5% over prior fiscal year.

All of these factors were included in preparing the City of Wilmington's budget for the 2006 fiscal year.

### **Budget Highlights for the Fiscal Year Ending June 30, 2006**

**Governmental Activities.** Property tax rate remained unchanged at .46 per \$100 for the 2006 fiscal year. The budget revenue estimate for fiscal year 2006 includes \$750,000 from unreserved fund balance.

Budgeted expenditures in the General Fund are expected to rise 1.5% to \$75,538,600. The largest increments are in employee compensation, including funding compensation and benefits adjustments, as well as the addition of nine new positions. Transfers to other funds were decreased by \$1,331,304 with the transfer to capital projects funds decreasing by \$885,089 and the transfer to the debt service fund reduced by \$594,000.

**Business – type Activities.** The adopted Water and Sewer Fund budget increased by 9.1% for fiscal year 2006. A .2% decrease in the operating budget is offset by an increase of \$1,823,386 in budgeted debt service payments. An overall 5.0% rate increase was adopted pursuant to a five-year plan of rate adjustments to support future systems improvements. The rate increase also applied to the Ground Water Utility Fund, which had an operating cost increase of approximately 14.4%. No fees or charges were adjusted in the other proprietary funds.

### **Requests for Information**

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, City of Wilmington, 320 Chestnut Street, Wilmington, N.C. 28401.

## **BASIC FINANCIAL STATEMENTS**





# CITY OF WILMINGTON, NORTH CAROLINA

## Statement of Net Assets

**June 30, 2005**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 64,585,058	\$ 51,654,252	\$ 116,239,310	\$ 17,468
Taxes receivable, net	1,072,537	-	1,072,537	-
Accounts receivable, net	158,492	4,293,901	4,452,393	-
Other receivables	782,633	865,167	1,647,800	-
Internal balances	(91,612)	91,612	-	-
Due from other governments	7,976,901	67,646	8,044,547	51,960
Due from primary government	-	-	-	199,843
Inventories	547,975	1,119,462	1,667,437	74,165
Deferred charges, net	961,422	961,170	1,922,592	-
Water availability rights, net	-	2,247,436	2,247,436	-
Notes receivable	12,279,800	-	12,279,800	-
Restricted assets:				
Cash and cash equivalents	29,725,351	46,287	29,771,638	-
Net pension asset	316,292	-	316,292	-
Capital assets:				
Land and construction in progress	10,791,305	10,489,930	21,281,235	26,070
Other capital assets, net of accumulated depreciation	58,456,313	181,776,604	240,232,917	6,022,620
<b>Total assets</b>	<b>187,562,467</b>	<b>253,613,467</b>	<b>441,175,934</b>	<b>6,392,126</b>
<b>LIABILITIES</b>				
Accounts payable	2,163,445	2,705,013	4,868,458	54,094
Due to management company	-	-	-	266,505
Due to other governments	-	109,916	109,916	-
Due to component unit	199,843	-	199,843	-
Accrued liabilities	2,009,870	476,723	2,486,593	-
Customer and escrow deposits	795,807	333,077	1,128,884	-
Unearned revenues	87,089	89,413	176,502	-
Long-term liabilities:				
Due within one year	8,686,610	6,127,587	14,814,197	-
Due in more than one year	74,445,806	76,214,162	150,659,968	-
<b>Total liabilities</b>	<b>88,388,470</b>	<b>86,055,891</b>	<b>174,444,361</b>	<b>320,599</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	25,294,237	111,044,036	136,338,273	6,048,690
Restricted for:				
Community development housing loans	9,223,916	-	9,223,916	-
Pension benefits	316,292	-	316,292	-
Law enforcement grants and contributions	244,880	-	244,880	-
Firemen's relief	119,764	-	119,764	-
Capital projects	-	1,471,018	1,471,018	-
Water and sewer facility fees	-	3,206,227	3,206,227	-
Convention center facility	3,551,897	-	3,551,897	-
Unrestricted	60,423,011	51,836,295	112,259,306	22,837
<b>Net assets</b>	<b>\$ 99,173,997</b>	<b>\$ 167,557,576</b>	<b>\$ 266,731,573</b>	<b>\$ 6,071,527</b>

See notes to financial statements.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Activities**

**Year Ended June 30, 2005**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 13,797,417	\$ 3,964,652	\$ -	\$ -
Public safety	29,693,336	430,717	458,461	-
Transportation	7,173,171	1,332,079	3,112,265	2,150,342
Economic and physical development	4,092,091	124,976	1,640,692	-
Cultural and recreational	5,481,105	426,954	68,124	-
Transit system	2,835,153	-	2,210,962	-
Hurricane disaster recovery	899,162	-	70,725	-
Interest and other charges	2,243,752	-	-	-
Total governmental activities	<u>66,215,187</u>	<u>6,279,378</u>	<u>7,561,229</u>	<u>2,150,342</u>
Business-type activities:				
Water and sewer	22,296,851	24,611,004	-	2,676,403
Ground water utility	3,604,276	3,956,352	-	-
Solid waste management	6,761,069	6,487,649	-	-
Storm water management	5,292,644	5,711,657	-	1,235,012
Golf	832,772	772,099	-	-
Parking facilities	1,857,034	1,664,599	-	-
Total business-type activities	<u>40,644,646</u>	<u>43,203,360</u>	<u>-</u>	<u>3,911,415</u>
Total primary government	<u>\$ 106,859,833</u>	<u>\$ 49,482,738</u>	<u>\$ 7,561,229</u>	<u>\$ 6,061,757</u>
Component unit	<u>\$ 5,393,067</u>	<u>\$ 753,047</u>	<u>\$ 16,956</u>	<u>\$ 1,093,221</u>

General revenues:

Ad valorem taxes  
Room occupancy tax  
Grants and contributions not restricted to specific programs  
Operating subsidy from primary government  
Operating subsidy from other governments  
Local option sales tax  
Franchise tax  
Rental vehicle tax  
Investment earnings  
Miscellaneous

Transfers from (to) other funds

Total general revenues and transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (9,832,765)	\$ -	\$ (9,832,765)	\$ -
(28,804,158)	-	(28,804,158)	-
(578,485)	-	(578,485)	-
(2,326,423)	-	(2,326,423)	-
(4,986,027)	-	(4,986,027)	-
(624,191)	-	(624,191)	-
(828,437)	-	(828,437)	-
(2,243,752)	-	(2,243,752)	-
(50,224,238)	-	(50,224,238)	-
-	4,990,556	4,990,556	-
-	352,076	352,076	-
-	(273,420)	(273,420)	-
-	1,654,025	1,654,025	-
-	(60,673)	(60,673)	-
-	(192,435)	(192,435)	-
-	6,470,129	6,470,129	-
(50,224,238)	6,470,129	(43,754,109)	-
-	-	-	(3,529,843)
39,525,332	-	39,525,332	-
3,551,896	-	3,551,896	-
1,362,214	-	1,362,214	-
-	-	-	2,835,153
-	-	-	998,149
14,799,445	-	14,799,445	-
4,580,235	-	4,580,235	-
161,076	-	161,076	-
1,392,501	943,660	2,336,161	-
308,740	-	308,740	-
(316,727)	316,727	-	-
65,364,712	1,260,387	66,625,099	3,833,302
15,140,474	7,730,516	22,870,990	303,459
84,033,523	159,827,060	243,860,583	5,768,068
\$ 99,173,997	\$ 167,557,576	\$ 266,731,573	\$ 6,071,527

**CITY OF WILMINGTON, NORTH CAROLINA**

**Balance Sheet -  
Governmental Funds**

**June 30, 2005**

	General	Building Improvements Fund	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 24,743,327	\$ 7,013,746	\$ 23,791,512	\$ 55,548,585
Taxes receivable, net	1,072,537	-	-	1,072,537
Accounts receivable, net	158,492	-	-	158,492
Other receivables	-	51,924	104,769	156,693
Due from other funds	318,860	8,501	-	327,361
Due from other governments	6,125,097	327,421	1,005,335	7,457,853
Inventories	430,016	-	-	430,016
Notes receivable	424,377	-	11,855,423	12,279,800
Restricted assets:				
Cash and cash equivalents	-	29,725,351	-	29,725,351
 Total assets	<u>\$ 33,272,706</u>	<u>\$ 37,126,943</u>	<u>\$ 36,757,039</u>	<u>\$ 107,156,688</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 642,122	\$ 927,672	\$ 413,972	\$ 1,983,766
Due to other funds	-	-	418,973	418,973
Due to component unit	199,843	-	-	199,843
Accrued liabilities	1,492,559	-	975	1,493,534
Customer and escrow deposits	578,412	-	217,395	795,807
Deferred revenues	1,438,925	-	260,263	1,699,188
 Total liabilities	<u>4,351,861</u>	<u>927,672</u>	<u>1,311,578</u>	<u>6,591,111</u>
 Fund balances:				
Reserved for encumbrances	633,359	25,114,635	1,515,675	27,263,669
Reserved for inventories	430,016	-	-	430,016
Reserved by State statute	6,660,438	387,846	1,005,335	8,053,619
Reserved for loans	-	-	13,377,665	13,377,665
Reserved for firemen's relief	-	-	120,558	120,558
Reserved for capital projects	-	10,696,790	10,031,017	20,727,807
Reserved for debt service	-	-	4,452,276	4,452,276
Reserved for convention center facility	-	-	3,035,500	3,035,500
Unreserved, reported in:				
General Fund	21,197,032	-	-	21,197,032
Nonmajor special revenue funds	-	-	1,907,435	1,907,435
 Total fund balances	<u>28,920,845</u>	<u>36,199,271</u>	<u>35,445,461</u>	<u>100,565,577</u>
 Total liabilities and fund balances	<u>\$ 33,272,706</u>	<u>\$ 37,126,943</u>	<u>\$ 36,757,039</u>	<u>\$ 107,156,688</u>

(Continued)

**CITY OF WILMINGTON, NORTH CAROLINA**

**Balance Sheet -  
Governmental Funds (Continued)**

**June 30, 2005**

Total fund balances - governmental funds	\$ 100,565,577
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	66,212,971
Internal services funds are used by management to charge the costs of equipment and personal computer replacement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	11,241,992
Liabilities for earned but deferred revenues in fund statements.	1,612,099
Long-term liabilities including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(81,723,334)
Miscellaneous adjustments to net assets including room occupancy tax and investment income receivables and pension assets not reported in the governmental funds.	<u>1,264,692</u>
Net assets - governmental activities	<u>\$ 99,173,997</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds**

**Year Ended June 30, 2005**

	General	Building Improvements Fund	Total Nonmajor Funds	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ 39,589,130	\$ -	\$ -	\$ 39,589,130
Other taxes	19,540,756	-	3,035,500	22,576,256
Unrestricted intergovernmental	1,126,013	-	-	1,126,013
Restricted intergovernmental	4,722,152	139,700	3,992,554	8,854,406
Licenses and permits	3,235,686	-	-	3,235,686
Sales and services	4,246,620	-	-	4,246,620
Fines and forfeits	67,768	-	-	67,768
Investment earnings	649,823	179,880	336,970	1,166,673
Donations	-	250,000	60,484	310,484
Miscellaneous	142,480	-	1,258,873	1,401,353
Total revenues	<u>73,320,428</u>	<u>569,580</u>	<u>8,684,381</u>	<u>82,574,389</u>
Expenditures:				
Current:				
General government	14,407,847	8,766,172	89,143	23,263,162
Public safety	29,642,241	-	569,074	30,211,315
Transportation	5,950,146	-	2,963,610	8,913,756
Economic and physical development	2,531,668	-	1,625,788	4,157,456
Cultural and recreational	4,511,652	-	1,443,101	5,954,753
Transit system	2,835,153	-	-	2,835,153
Hurricane disaster recovery	899,162	-	-	899,162
Debt service:				
Principal retirement	-	-	4,585,416	4,585,416
Interest and other charges	-	-	2,131,877	2,131,877
Total expenditures	<u>60,777,869</u>	<u>8,766,172</u>	<u>13,408,009</u>	<u>82,952,050</u>
Excess of revenues over (under) expenditures	<u>12,542,559</u>	<u>(8,196,592)</u>	<u>(4,723,628)</u>	<u>(377,661)</u>
Other financing sources (uses):				
Transfers from other funds	851,318	3,587,589	14,194,402	18,633,309
Transfers to other funds	(17,733,459)	-	(1,293,099)	(19,026,558)
Issuance of installment obligations	-	39,080,000	8,285,000	47,365,000
Premium on installment obligations	-	1,860,258	398,236	2,258,494
Issuance of other long-term obligation	1,184,184	-	-	1,184,184
Payment to redeem outstanding installment obligation	<u>-</u>	<u>-</u>	<u>(8,535,107)</u>	<u>(8,535,107)</u>
Total other financing sources (uses)	<u>(15,697,957)</u>	<u>44,527,847</u>	<u>13,049,432</u>	<u>41,879,322</u>
Net change in fund balances	(3,155,398)	36,331,255	8,325,804	41,501,661
Fund balances at beginning of year	32,138,056	(131,984)	27,119,657	59,125,729
Change in reserve for inventories	<u>(61,813)</u>	<u>-</u>	<u>-</u>	<u>(61,813)</u>
Fund balances at end of year	<u>\$ 28,920,845</u>	<u>\$ 36,199,271</u>	<u>\$ 35,445,461</u>	<u>\$ 100,565,577</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds (Continued)**

**Year Ended June 30, 2005**

Net change in fund balances - total governmental funds. \$ 41,501,661

Amounts reported for governmental activities in the statement of activities  
are different because:

Change in fund balance due to change in reserve for inventory (61,813)

Governmental funds report capital outlays as expenditures. However,  
in the statement of activities the cost of those assets is allocated over  
their estimated useful lives and reported as depreciation expense.  
This is the amount by which capital outlays exceeded depreciation in  
the current period, including amounts for donations and disposals. 9,816,555

Revenues in the statement of activities that do not provide current  
financial resources are not reported as revenues in the funds. 557,253

The issuance of long-term debt provides current financial resources  
to governmental funds, while the repayment of the principal of  
long-term debt consumes the current financial resources of  
governmental funds. Neither transaction, however, has any effect on  
net assets. Also, governmental funds report the effect of issuance  
costs, premiums, discounts, and similar items when debt is first issued,  
whereas these amounts are deferred and amortized in the statement of  
activities. This amount is the net effect of these differences in the  
treatment of long-term debt and related items. (36,900,404)

Some expenses reported in the statement of activities do not require  
the use of current financial resources and, therefore, are not reported  
as expenditures in governmental funds. (231,185)

Internal service funds are used by management to charge the costs of  
equipment and personal computer replacement to individual funds.  
The net revenue of these activities are reported with governmental  
activities. 482,026

This amount represents the difference in funds contributed to the  
special separation allowance for law enforcement officers below the  
actuarially determined annual pension cost for the current year. (23,619)

Change in net assets - governmental activities \$ 15,140,474



**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Revenues, Expenditures and Changes in Fund Balance -  
Annual Budget and Actual - General Fund**

**Year Ended June 30, 2005**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Revenues:				
Taxes:				
Ad valorem tax	\$ 38,994,360	\$ 38,994,360	\$ 39,589,130	\$ 594,770
Local option sales tax	12,818,470	12,818,470	14,799,445	1,980,975
Franchise tax	4,500,000	4,500,000	4,580,235	80,235
Rental vehicle tax	140,000	140,000	161,076	21,076
Unrestricted intergovernmental	861,000	861,000	1,126,013	265,013
Restricted intergovernmental	4,580,910	4,613,838	4,722,152	108,314
Licenses and permits	2,565,000	2,565,000	3,235,686	670,686
Sales and services	4,132,652	4,140,652	4,246,620	105,968
Fines and forfeits	123,650	123,650	67,768	(55,882)
Investment earnings	427,000	427,000	649,823	222,823
Miscellaneous	165,000	169,693	142,480	(27,213)
Total revenues	<u>69,308,042</u>	<u>69,353,663</u>	<u>73,320,428</u>	<u>3,966,765</u>
Expenditures:				
Current:				
General government:				
City Council and Clerk	325,430	325,430	315,136	10,294
City Manager	1,312,293	1,312,293	1,300,761	11,532
City Attorney	626,684	626,684	615,238	11,446
Human Resource Management	626,821	626,821	619,921	6,900
Finance	3,060,735	3,088,335	2,917,154	171,181
Information Technology Services	1,387,691	2,219,091	2,114,110	104,981
Development Services	3,259,899	3,238,635	3,105,605	133,030
Public Services	1,932,042	1,934,342	1,847,011	87,331
Contributions to other agencies	145,962	162,962	160,619	2,343
Nondepartmental	1,880,606	1,883,606	1,412,292	471,314
Total	<u>14,558,163</u>	<u>15,418,199</u>	<u>14,407,847</u>	<u>1,010,352</u>
Public safety:				
Police	18,506,341	18,693,341	18,089,419	603,922
Fire	11,627,290	11,784,070	11,552,822	231,248
Total	<u>30,133,631</u>	<u>30,477,411</u>	<u>29,642,241</u>	<u>835,170</u>
Transportation:				
Traffic engineering	3,504,118	3,537,278	2,870,020	667,258
Streets	1,823,077	1,822,500	1,711,386	111,114
Storm water management fee	1,368,740	1,368,740	1,368,740	-
Total	<u>6,695,935</u>	<u>6,728,518</u>	<u>5,950,146</u>	<u>778,372</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Revenues, Expenditures and Changes in Fund Balance -  
Annual Budget and Actual - General Fund (Continued)**

**Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Expenditures: (continued)				
Current: (continued)				
Economic and physical development:				
Economic and community development	\$ 2,069,147	\$ 2,077,147	\$ 1,961,356	\$ 115,791
Contributions to other agencies	1,649,219	1,151,756	570,312	581,444
Total	<u>3,718,366</u>	<u>3,228,903</u>	<u>2,531,668</u>	<u>697,235</u>
Cultural and recreational:				
Parks and recreation	4,607,959	4,606,236	4,315,452	290,784
Contributions to other agencies	196,200	196,200	196,200	-
Total	<u>4,804,159</u>	<u>4,802,436</u>	<u>4,511,652</u>	<u>290,784</u>
Transit system:				
Cape Fear Public Transportation Authority	<u>2,781,543</u>	<u>2,905,506</u>	<u>2,835,153</u>	<u>70,353</u>
Hurricane disaster recovery	<u>-</u>	<u>1,000,000</u>	<u>899,162</u>	<u>100,838</u>
Total expenditures	<u>62,691,797</u>	<u>64,560,973</u>	<u>60,777,869</u>	<u>3,783,104</u>
Excess of revenues over expenditures	<u>6,616,245</u>	<u>4,792,690</u>	<u>12,542,559</u>	<u>7,749,869</u>
Other financing sources (uses):				
Transfers from other funds	828,469	828,469	851,318	22,849
Transfers to other funds	(12,250,695)	(17,733,459)	(17,733,459)	-
Issuance of other long-term obligation	-	1,203,000	1,184,184	(18,816)
Appropriated fund balance	<u>4,805,981</u>	<u>10,909,300</u>	<u>-</u>	<u>(10,909,300)</u>
Total other financing uses	<u>(6,616,245)</u>	<u>(4,792,690)</u>	<u>(15,697,957)</u>	<u>(10,905,267)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(3,155,398)</u>	<u>\$ (3,155,398)</u>
Fund balance at beginning of year			32,138,056	
Change in reserve for inventories			<u>(61,813)</u>	
Fund balance at end of year			<u>\$ 28,920,845</u>	

See notes to financial statements.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Net Assets -  
Proprietary Funds**

**June 30, 2005**

	<b>Enterprise Funds</b>		
	<b>Water and Sewer Fund</b>	<b>Ground Water Utility Fund</b>	<b>Solid Waste Management Fund</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 35,881,219	\$ 1,913,950	\$ 2,488,557
Accounts receivable:			
Customers, net	3,536,821	714,420	42,660
Other	729,472	16,462	21,410
Due from other funds	91,612	-	-
Due from other governments	50,290	16	48
Inventory of materials and supplies	1,026,942	-	-
	<u>41,316,356</u>	<u>2,644,848</u>	<u>2,552,675</u>
Total current assets			
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	-	-	-
Capital assets:			
Land	1,942,906	368,464	-
Improvements other than buildings	-	-	-
Buildings, plant and structures	86,437,864	2,738,955	-
Water and sewer lines	107,951,317	19,261,958	-
Furniture, fixtures, machinery and equipment	2,425,981	-	26,000
Construction in progress	3,792,613	-	-
Less accumulated depreciation	(59,119,293)	(2,494,924)	(26,000)
	<u>143,431,388</u>	<u>19,874,453</u>	<u>-</u>
Total capital assets, net of accumulated depreciation			
Other assets:			
Deferred charges, net	418,814	357,262	-
Water availability rights, net	2,247,436	-	-
	<u>2,666,250</u>	<u>357,262</u>	<u>-</u>
Total other assets			
Total noncurrent assets	<u>146,097,638</u>	<u>20,231,715</u>	<u>-</u>
Total assets	<u>187,413,994</u>	<u>22,876,563</u>	<u>2,552,675</u>

<b>Enterprise Funds</b>				
Storm Water Management Fund	Parking Facilities Fund	Nonmajor Golf Fund	Total	Internal Service Funds
\$ 8,756,203	\$ 1,855,990	\$ 758,333	\$ 51,654,252	\$ 9,151,670
-	-	-	4,293,901	-
75,335	15,964	6,524	865,167	78,739
-	-	-	91,612	-
3,915	13,249	128	67,646	2,652
66,849	-	25,671	1,119,462	117,959
<u>8,902,302</u>	<u>1,885,203</u>	<u>790,656</u>	<u>58,092,040</u>	<u>9,351,020</u>
-	46,287	-	46,287	-
-	1,355,954	109,393	3,776,717	-
25,049,060	-	739,576	25,788,636	-
-	12,235,702	290,903	101,703,424	-
-	-	-	127,213,275	-
183,488	87,311	463,281	3,186,061	16,084,647
2,199,151	721,449	-	6,713,213	-
(11,443,389)	(2,067,147)	(964,039)	(76,114,792)	(13,050,000)
<u>15,988,310</u>	<u>12,333,269</u>	<u>639,114</u>	<u>192,266,534</u>	<u>3,034,647</u>
24,692	160,402	-	961,170	-
-	-	-	2,247,436	-
<u>24,692</u>	<u>160,402</u>	<u>-</u>	<u>3,208,606</u>	<u>-</u>
<u>16,013,002</u>	<u>12,539,958</u>	<u>639,114</u>	<u>195,521,427</u>	<u>3,034,647</u>
<u>24,915,304</u>	<u>14,425,161</u>	<u>1,429,770</u>	<u>253,613,467</u>	<u>12,385,667</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Net Assets -  
Proprietary Funds (Continued)**

**June 30, 2005**

	<b>Enterprise Funds</b>		
	<b>Water and Sewer Fund</b>	<b>Ground Water Utility Fund</b>	<b>Solid Waste Management Fund</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable:			
Trade	\$ 443,678	\$ 13,272	\$ 292,012
Contracts and retainage	1,451,718	-	-
Due to other governments	109,916	-	-
Accrued liabilities:			
Personnel costs	51,194	5,735	18,022
Interest	204,846	85,521	-
Current portion of long-term liabilities:			
Bonds payable	3,721,231	-	-
Installment obligations	-	640,000	-
Other long-term obligations	22,158	-	-
Accrued vacation and sick leave	577,500	24,666	133,385
Customer and escrow deposits	203,058	10,914	-
Unearned revenues	-	-	-
	<u>6,785,299</u>	<u>780,108</u>	<u>443,419</u>
Total current liabilities			
Noncurrent liabilities:			
Bonds payable	42,702,673	-	-
Installment obligations	-	18,874,391	-
Other long-term obligations	-	-	-
Total noncurrent portion of long-term liabilities	<u>42,702,673</u>	<u>18,874,391</u>	<u>-</u>
Accrued vacation and sick leave	102,151	7,742	41,868
	<u>42,804,824</u>	<u>18,882,133</u>	<u>41,868</u>
Total noncurrent liabilities			
Total liabilities	<u>49,590,123</u>	<u>19,662,241</u>	<u>485,287</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	96,985,326	360,062	-
Restricted for:			
Capital projects	-	-	-
Water and sewer facility fees	3,206,227	-	-
Unrestricted	<u>37,632,318</u>	<u>2,854,260</u>	<u>2,067,388</u>
Net assets	<u>\$ 137,823,871</u>	<u>\$ 3,214,322</u>	<u>\$ 2,067,388</u>

<b>Enterprise Funds</b>					
Storm Water Management Fund	Parking Facilities Fund	Nonmajor Golf Fund	Total	Internal Service Funds	
\$ 105,943	\$ 11,805	\$ 13,260	\$ 879,970	\$ 179,679	
88,974	284,351	-	1,825,043	-	
-	-	-	109,916	-	
16,459	501	3,019	94,930	4,749	
51,127	40,243	56	381,793	35	
428,522	-	-	4,149,753	-	
70,000	171,431	-	881,431	-	
-	173,124	24,270	219,552	-	
123,275	804	17,221	876,851	46,142	
119,105	-	-	333,077	-	
64,872	-	24,541	89,413	-	
<u>1,068,277</u>	<u>682,259</u>	<u>82,367</u>	<u>9,841,729</u>	<u>230,605</u>	
3,535,305	-	-	46,237,978	-	
1,455,542	8,894,327	-	29,224,260	-	
-	555,811	-	555,811	880,627	
4,990,847	9,450,138	-	76,018,049	880,627	
38,694	253	5,405	196,113	32,443	
<u>5,029,541</u>	<u>9,450,391</u>	<u>5,405</u>	<u>76,214,162</u>	<u>913,070</u>	
<u>6,097,818</u>	<u>10,132,650</u>	<u>87,772</u>	<u>86,055,891</u>	<u>1,143,675</u>	
10,498,941	2,584,863	614,844	111,044,036	2,154,020	
1,471,018	-	-	1,471,018	-	
-	-	-	3,206,227	-	
6,847,527	1,707,648	727,154	51,836,295	9,087,972	
<u>\$ 18,817,486</u>	<u>\$ 4,292,511</u>	<u>\$ 1,341,998</u>	<u>\$ 167,557,576</u>	<u>\$ 11,241,992</u>	

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Revenues, Expenses and Changes in Fund Net Assets -  
Proprietary Funds**

**Year Ended June 30, 2005**

	<b>Enterprise Funds</b>		
	<b>Water and Sewer Fund</b>	<b>Ground Water Utility Fund</b>	<b>Solid Waste Management Fund</b>
Revenues:			
Charges for services	\$ 22,198,846	\$ 3,878,100	\$ 6,487,649
Other operating revenues	<u>2,412,158</u>	<u>78,252</u>	<u>-</u>
Total operating revenues	<u>24,611,004</u>	<u>3,956,352</u>	<u>6,487,649</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	6,652,616	612,566	2,087,684
Materials and fuels consumed	2,180,291	44,797	954,300
Services	1,001,789	56,260	426,341
Utilities	1,259,667	55,308	8,075
Water purchases	816,394	1,150,000	-
Depreciation	4,255,321	453,713	-
Amortization	124,477	18,804	-
Other operating expenses	<u>3,468,151</u>	<u>152,951</u>	<u>3,284,669</u>
Total operating expenses	<u>19,758,706</u>	<u>2,544,399</u>	<u>6,761,069</u>
Operating income (loss)	<u>4,852,298</u>	<u>1,411,953</u>	<u>(273,420)</u>
Nonoperating revenues (expenses):			
Investment earnings	660,449	49,639	44,581
Interest and other charges	(2,536,626)	(1,059,877)	-
Gain (loss) on retirement of capital assets	<u>(1,519)</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(1,877,696)</u>	<u>(1,010,238)</u>	<u>44,581</u>
Income (loss) before capital contributions and transfers	2,974,602	401,715	(228,839)
Capital contributions	2,676,403	-	-
Transfers from other funds	-	-	401,606
Transfers to other funds	<u>-</u>	<u>-</u>	<u>(76,522)</u>
Change in net assets	5,651,005	401,715	96,245
Net assets at beginning of year	<u>132,172,866</u>	<u>2,812,607</u>	<u>1,971,143</u>
Net assets at end of year	<u>\$ 137,823,871</u>	<u>\$ 3,214,322</u>	<u>\$ 2,067,388</u>

<b>Enterprise Funds</b>				
Storm Water Management Fund	Parking Facilities Fund	Nonmajor Golf Fund	Total	Internal Service Funds
\$ 5,652,542	\$ 1,664,599	\$ 771,428	\$ 40,653,164	\$ 3,327,835
59,115	-	671	2,550,196	43,027
<u>5,711,657</u>	<u>1,664,599</u>	<u>772,099</u>	<u>43,203,360</u>	<u>3,370,862</u>
2,246,178	57,473	390,968	12,047,485	597,172
333,706	1,332	134,243	3,648,669	17,265
506,173	877,777	24,078	2,892,418	837,233
4,943	30,780	25,229	1,384,002	6,063
-	-	-	1,966,394	-
1,250,144	374,666	83,123	6,416,967	1,440,957
-	6,974	-	150,255	-
<u>838,648</u>	<u>178,019</u>	<u>174,135</u>	<u>8,096,573</u>	<u>276,388</u>
<u>5,179,792</u>	<u>1,527,021</u>	<u>831,776</u>	<u>36,602,763</u>	<u>3,175,078</u>
<u>531,865</u>	<u>137,578</u>	<u>(59,677)</u>	<u>6,600,597</u>	<u>195,784</u>
120,229	55,508	13,254	943,660	152,347
(112,852)	(330,013)	(996)	(4,040,364)	(5,973)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,519)</u>	<u>62,202</u>
<u>7,377</u>	<u>(274,505)</u>	<u>12,258</u>	<u>(3,098,223)</u>	<u>208,576</u>
539,242	(136,927)	(47,419)	3,502,374	404,360
1,235,012	-	-	3,911,415	84,264
-	-	-	401,606	76,522
<u>(8,357)</u>	<u>-</u>	<u>-</u>	<u>(84,879)</u>	<u>(83,120)</u>
1,765,897	(136,927)	(47,419)	7,730,516	482,026
<u>17,051,589</u>	<u>4,429,438</u>	<u>1,389,417</u>	<u>159,827,060</u>	<u>10,759,966</u>
<u>\$ 18,817,486</u>	<u>\$ 4,292,511</u>	<u>\$ 1,341,998</u>	<u>\$ 167,557,576</u>	<u>\$ 11,241,992</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Cash Flows -  
Proprietary Funds**

**Year Ended June 30, 2005**

	<b>Enterprise Funds</b>		
	<b>Water and Sewer Fund</b>	<b>Ground Water Utility Fund</b>	<b>Solid Waste Management Fund</b>
Cash flows from operating activities:			
Receipts from customers and users	\$ 23,567,306	\$ 4,046,599	\$ 6,468,089
Receipts from interfund services provided	1,150,000	-	-
Payments to suppliers	(8,308,867)	(277,761)	(4,305,519)
Payments to or on behalf of employees	(6,820,334)	(615,835)	(2,162,664)
Payments for interfund services used	(356,042)	(1,185,379)	(362,679)
Net cash provided by (used in) operating activities	<u>9,232,063</u>	<u>1,967,624</u>	<u>(362,773)</u>
Cash flows from noncapital and related financing activities:			
Advances from (to) other funds	567,864	(593,614)	401,606
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) noncapital and related financing activities	<u>567,864</u>	<u>(593,614)</u>	<u>401,606</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(4,959,702)	-	(76,522)
Proceeds from other long-term obligations	-	-	-
Proceeds from installment obligations	-	-	-
Principal payments on bonds	(3,825,826)	-	-
Principal payments on installment obligations	-	(615,000)	-
Principal payments on other long-term obligations	(257,007)	-	-
Interest and other charges	(2,374,902)	(1,060,610)	-
Issuance costs on installment obligations	-	-	-
Proceeds from retirement of capital assets	-	-	-
Capital contributions	<u>1,967,203</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) capital and related financing activities	<u>(9,450,234)</u>	<u>(1,675,610)</u>	<u>(76,522)</u>
Cash flows from investing activities:			
Investment earnings	<u>610,812</u>	<u>48,497</u>	<u>41,750</u>
Net increase (decrease) in cash and cash equivalents	960,505	(253,103)	4,061
Cash and cash equivalents at beginning of year	<u>34,920,714</u>	<u>2,167,053</u>	<u>2,484,496</u>
Cash and cash equivalents at end of year	<u>\$ 35,881,219</u>	<u>\$ 1,913,950</u>	<u>\$ 2,488,557</u>
Reconciliation to combining balance sheet:			
Cash and cash equivalents	\$ 35,881,219	\$ 1,913,950	\$ 2,488,557
Restricted cash and cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 35,881,219</u>	<u>\$ 1,913,950</u>	<u>\$ 2,488,557</u>

<b>Enterprise Funds</b>				
Storm Water Management Fund	Parking Facilities Fund	Nonmajor Golf Fund	Total	Internal Service Funds
\$ 4,504,163	\$ 1,729,468	\$ 723,867	\$ 41,039,492	\$ 318,483
1,368,740	-	-	2,518,740	3,050,647
(1,185,676)	(59,021)	(355,416)	(14,492,260)	(1,068,448)
(2,295,677)	(1,074,664)	(405,359)	(13,374,533)	(605,416)
(414,014)	(2,522)	(1,722)	(2,322,358)	-
<u>1,977,536</u>	<u>593,261</u>	<u>(38,630)</u>	<u>13,369,081</u>	<u>1,695,266</u>
-	(29,000)	-	346,856	-
<u>(8,357)</u>	<u>-</u>	<u>-</u>	<u>(8,357)</u>	<u>-</u>
<u>(8,357)</u>	<u>(29,000)</u>	<u>-</u>	<u>338,499</u>	<u>-</u>
(1,072,423)	(2,666,680)	-	(8,775,327)	(1,244,199)
-	-	-	-	880,627
1,525,542	-	-	1,525,542	-
(428,521)	-	-	(4,254,347)	-
-	(166,432)	-	(781,432)	-
-	(167,385)	(23,612)	(448,004)	-
(114,380)	(330,350)	(1,021)	(3,881,263)	(5,938)
(24,692)	-	-	(24,692)	-
-	-	-	-	95,338
<u>283,979</u>	<u>-</u>	<u>-</u>	<u>2,251,182</u>	<u>-</u>
<u>169,505</u>	<u>(3,330,847)</u>	<u>(24,633)</u>	<u>(14,388,341)</u>	<u>(274,172)</u>
<u>91,035</u>	<u>56,246</u>	<u>12,606</u>	<u>860,946</u>	<u>127,361</u>
2,229,719	(2,710,340)	(50,657)	180,185	1,548,455
<u>6,526,484</u>	<u>4,612,617</u>	<u>808,990</u>	<u>51,520,354</u>	<u>7,603,215</u>
<u>\$ 8,756,203</u>	<u>\$ 1,902,277</u>	<u>\$ 758,333</u>	<u>\$ 51,700,539</u>	<u>\$ 9,151,670</u>
\$ 8,756,203	\$ 1,855,990	\$ 758,333	\$ 51,654,252	\$ 9,151,670
-	46,287	-	46,287	-
<u>\$ 8,756,203</u>	<u>\$ 1,902,277</u>	<u>\$ 758,333</u>	<u>\$ 51,700,539</u>	<u>\$ 9,151,670</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Cash Flows -  
Proprietary Funds (Continued)**

**Year Ended June 30, 2005**

	<b>Enterprise Funds</b>		
	<u>Water and Sewer Fund</u>	<u>Ground Water Utility Fund</u>	<u>Solid Waste Management Fund</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 4,852,298	\$ 1,411,953	\$ (273,420)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	4,379,798	472,517	-
Changes in assets and liabilities:			
Accounts receivable	(18,368)	87,057	(19,560)
Due from other governments	86,088	(16)	-
Inventory of materials and supplies	(18,484)	-	-
Accounts payable and accrued liabilities	(96,075)	(18,236)	(46,922)
Accrued vacation and sick leave	8,224	11,143	(22,871)
Customer and escrow deposits	38,582	3,206	-
Deferred revenues	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 9,232,063</u>	<u>\$ 1,967,624</u>	<u>\$ (362,773)</u>
Supplemental disclosure of noncash investing, capital and related financing activities:			
Capital assets acquired on account	\$ 357,064	\$ -	\$ -
Transfer of capital assets between proprietary funds	-	-	(76,522)
Capital contributions from developers	709,200	-	-
Transfer of capital assets to governmental funds	-	-	-
Capital contributions from governmental funds	-	-	-

<b>Enterprise Funds</b>				
Storm Water Management Fund	Parking Facilities Fund	Nonmajor Golf Fund	Total	Internal Service Funds
\$ 531,865	\$ 137,578	\$ (59,677)	\$ 6,600,597	\$ 195,784
1,250,144	381,640	83,123	6,567,222	1,440,957
(2,042)	-	(157)	46,930	(1,732)
-	64,869	-	150,941	-
(8,332)	-	2,288	(24,528)	(27,385)
34,840	9,168	(13,636)	(130,861)	81,098
7,773	6	(2,496)	1,779	6,544
119,105	-	-	160,893	-
44,183	-	(48,075)	(3,892)	-
<u>\$ 1,977,536</u>	<u>\$ 593,261</u>	<u>\$ (38,630)</u>	<u>\$ 13,369,081</u>	<u>\$ 1,695,266</u>
\$ (429,070)	\$ (714,887)	\$ -	\$ (786,893)	\$ -
-	-	-	(76,522)	76,522
1,083,782	-	-	1,792,982	-
-	-	-	-	(83,120)
-	-	-	-	84,264

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Plan Net Assets -  
Pension Trust Fund**

**June 30, 2005**

**NET ASSETS**

Cash and cash equivalents held in trust for pension benefits

Law  
Enforcement  
Officers  
Pension  
Trust Fund

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\$ 701,325

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Changes in Plan Net Assets -  
Pension Trust Fund**

**Year Ended June 30, 2005**

	Law Enforcement Officers Pension Trust Fund
Additions:	
Employer contributions	\$ 250,633
Investment earnings	<u>9,753</u>
Total additions	260,386
Deductions:	
Benefit payments	<u>227,354</u>
Change in net assets	33,032
Net assets at beginning of year	<u>668,293</u>
Net assets at end of year	<u>\$ 701,325</u>

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# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements June 30, 2005**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Wilmington, North Carolina (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

#### **A. REPORTING ENTITY**

The City of Wilmington is a municipal corporation, incorporated in 1739, located in the southeastern corner of North Carolina with a population of 94,718. The City has a Council-Manager form of government with a seven-member council, which includes an elected mayor. As required by generally accepted accounting principles, these financial statements present the City and its component units, legally separate entities for which the City is financially accountable.

Blended component units, although legally separate entities, are in substance part of the government's operations and so data from these units is combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the financial statements to emphasize that it is legally separate from the primary government. One component unit has no financial transactions or account balances and, therefore, does not appear in the financial statements. Each blended and discretely presented component unit has a June 30 year-end.

#### **BLENDED COMPONENT UNITS**

##### **Cape Fear Utilities, Inc. and Quality Water Supplies, Inc.:**

Cape Fear Utilities, Inc. and Quality Water Supplies, Inc., North Carolina nonprofit corporations, exist to provide and maintain a ground water utility system for citizens of Wilmington, North Carolina and the surrounding community. The City is the sole shareholder of each corporation and each of the corporations is governed by a board comprised of members of the City Council. The corporations have no other operations except for services provided to the City and are exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. The rates for user charges and the annual budget of the ground water utility system are approved by the City Council. Therefore the operations of these corporations are combined and reported as an enterprise fund. The corporations do not issue separate financial statements.

##### **Wilmington Future, Inc.:**

Wilmington Future, Inc. (the Corporation), a North Carolina nonprofit corporation, exists to issue tax-exempt obligations pursuant to the Internal Revenue Code of 1986, as amended. The Corporation is governed by a three-member Board of Directors and may, by Board action, dismiss members and appoint up to four additional members. The Corporation has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. The Corporation does not issue separate financial statements.



# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2005**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **A. REPORTING ENTITY (continued)**

##### **DISCRETELY PRESENTED COMPONENT UNIT**

##### **Cape Fear Public Transportation Authority**

Effective July 1, 2004 the Cape Fear Public Transportation Authority (Authority) was established under an interlocal agreement between New Hanover County (County) and the City of Wilmington to operate the County and City transportation facilities and provide transportation services throughout the City of Wilmington and up to 30 miles outside its corporate limits. The agreement effectively merged the transportation facilities and services provided by New Hanover County, the City of Wilmington and the former Wilmington Transit Authority (WTA). The City of Wilmington dissolved the WTA, and by agreement with the County provided that the Authority shall become the owner of all property and assets of the WTA and shall succeed to all rights, obligations and liabilities of the WTA. The WTA was reported as a discrete component unit of the City of Wilmington for the year ended June 30, 2004.

The interlocal agreement between the County and the City is effective for two years beginning July 1, 2004 through June 30, 2006. The agreement may be terminated upon six months written notice to the other party. Unless notice of termination is provided the agreement shall be automatically renewed for successive five year terms.

The Authority's eleven member board is comprised of the members of the Wilmington-New Hanover County Transportation Agency, a joint agency formed to make recommendations to the County and the City for merging the transportation facilities and services provided by the County, City and WTA. As the terms of these members expire, the Authority shall consist of five members appointed by the County, five members appointed by the City and one member appointed jointly by the County and City from a human service agency served by public transportation services.

Each proposed annual budget shall be submitted to the County and City for approval by the County Commissioners and City Council. The County and City shall provide annual funding to the Authority as their budgets permit. Any debt necessary for the maintenance, improvement or expansion of the Authority shall be incurred by the County or City for the benefit of the Authority. The Authority shall establish and revise, from time-to-time, schedules of rates, fees and charges for the use of the services of the Authority. City management is committed to the continued operation of the Authority.

The Authority, which had a June 30 year-end, is presented as if it were a proprietary fund. The Authority does not issue separate financial statements. For comparative purposes, WTA amounts from June 30, 2004 have been included in certain presentations.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2005

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### B. BASIS OF PRESENTATION

**Government-wide Statements:** The statement of net assets and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

**General Fund.** The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction and parks and recreation.

**Building Improvements Fund.** The Building Improvements Fund accounts for resources used for the acquisition, renovation and construction of major capital improvements, other than those financed by proprietary funds.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2005

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### B. BASIS OF PRESENTATION (continued)

The City reports the following major proprietary funds:

**Water and Sewer Fund.** The Water and Sewer Fund accounts for the provision of water and sewer services by the City to all customers not covered by the Ground Water Utility Fund. The Water and Sewer Fund provides service to over 28,600 customers and is designed to be self-supporting.

**Ground Water Utility Fund.** The Ground Water Utility Fund accounts for the water services provided to the customers of Cape Fear Utilities, Inc. and Quality Water Supplies, Inc. The Ground Water Utility Fund provides service to over 14,500 customers and is designed to be self-supporting.

**Solid Waste Management Fund.** The Solid Waste Management Fund accounts for the provision of refuse collection and disposal services by the City.

**Storm Water Management Fund.** The Storm Water Management Fund accounts for storm water drainage services.

**Parking Facilities Fund.** The Parking Facilities Fund accounts for the operation of the City's parking facilities and the on-street parking program.

Additionally, the City reports the following fund types:

**Internal Service Funds.** The City's Internal Service Funds account for fleet management services and replacement of personal computers to other departments of the City on a cost reimbursement basis.

**Pension Trust Fund.** The City's Pension Trust Fund accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, defined benefit, public safety employee retirement system.

#### C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

In accordance with North Carolina General Statutes, all funds of the City and the Authority are maintained during the year using the modified accrual basis of accounting.

**Government-wide and Proprietary Fund Financial Statements.** The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2005**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)**

**Governmental Fund Financial Statements.** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, New Hanover County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Wilmington. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in New Hanover County from March 2004 through February 2005 apply to the fiscal year ended June 30, 2005. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues. For vehicles registered under the annual system, taxes are due on May 1 of each year. For those vehicles registered and billed under the annual system, uncollected taxes are reported as a receivable on the financial statements and are offset by deferred revenues because the due date and the date upon which interest begins to accrue passed prior to June 30. The taxes for vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2005 because they are intended to finance the City's operations during the 2006 fiscal year.

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues, which are unearned at year-end, are recorded as unearned revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

As permitted by generally accepted accounting principles, the City has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2005**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **D. BUDGETARY DATA**

Budgets for the City and the Authority are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Debt Service Fund, enterprise funds, internal service funds and the Authority. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for special revenue funds and capital projects funds, including the enterprise capital projects funds which are consolidated with the operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

#### **E. ASSETS, LIABILITIES, NET ASSETS OR EQUITY**

##### **DEPOSITS AND INVESTMENTS**

All deposits of the City and of the Authority are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The City and the Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City and the Authority may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the City and the Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The City's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

In accordance with State law, the City has invested in securities that are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

##### **CASH AND CASH EQUIVALENTS**

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2005**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **E. ASSETS, LIABILITIES, NET ASSETS OR EQUITY (continued)**

##### **RESTRICTED ASSETS**

Unexpended proceeds from installment obligations of the Parking Facilities Fund are classified as restricted assets because their use is completely restricted to the purpose for which the loan was originally made. Unexpended proceeds from installment obligations of the Building Improvements Fund are classified as restricted assets because the proceeds are restricted by the lender for the purpose for which the loan was made.

##### **AD VALOREM TAXES RECEIVABLE**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2004. For collection purposes, taxes receivable are written off at the end of ten years in accordance with North Carolina General Statutes.

##### **ALLOWANCES FOR DOUBTFUL ACCOUNTS**

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the aging of account balances.

##### **INVENTORY AND PREPAID ITEMS**

Inventories are maintained for major items used by the governmental funds, proprietary funds and the Authority in their operations. They are stated at cost (first-in, first-out) in the governmental funds and at the lower of cost (first-in, first-out) or market in the proprietary funds. Disbursements for inventory-type items in the General Fund are considered to be expenditures at the time of purchase. Inventory of the General Fund is shown on the balance sheet with an offsetting contra account, "Reserved for inventories", in the fund balance of the General Fund.

##### **CAPITAL ASSETS**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$10,000; furniture and equipment \$5,000; buildings and improvements, plant structures \$25,000; infrastructure and certain improvements other than buildings \$100,000. Infrastructure includes streets and drainage systems as well as water and sewer lines. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2005

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. ASSETS, LIABILITIES, NET ASSETS OR EQUITY (continued)

##### CAPITAL ASSETS (continued)

Pursuant to GASB Statement No. 34, the City is required to retroactively report all major general infrastructure assets for fiscal years beginning after June 15, 2006. Therefore, general infrastructure assets acquired prior to July 1, 2002 have not been included in these financial statements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The City follows the policy of capitalizing interest as a component of the cost of proprietary fund type capital assets constructed for its own use in accordance with the guidelines of Statement of Financial Accounting Standards No. 62, and other related pronouncements. During the year ended June 30, 2005, a total of \$90,806 was capitalized in the Parking Facilities Fund and \$96,239 was capitalized in the Storm Water Management Fund.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset class	Estimated useful lives	
Infrastructure (including water and sewer lines)	50	years
Buildings, plant, structures and improvements	40	years
Improvements other than buildings	20	years
Parking facilities plant and structures	20	years
Vehicles	5	years
Furniture and equipment	5	years

The interlocal agreement between the County and City that provides for the operation of transportation facilities and providing of transportation services requires that title to all personal property, equipment, fixtures and real property owned by the County and City shall remain with the current owner. For financial reporting purposes, the asset values and related accumulated depreciation for assets owned by the City were recorded from the WTA. Assets acquired from the County were reported as acquisitions in the current year and recorded at estimated fair value.

When capital grant assets are disposed of, the federal government, through the Federal Transit Administration (FTA) program, must receive its proportional share of the fair market value of the assets. Property, plant and equipment are depreciated in the proprietary fund of the Authority using the straight-line method over the following estimated useful lives:

Asset class	Estimated useful lives	
Plant and structures	20	years
Building improvements	10	years
Buses	10	years
Vans	8	years
Furniture, fixtures, machinery and equipment	5	years
Communications equipment	8	years

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2005**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **E. ASSETS, LIABILITIES, NET ASSETS OR EQUITY (continued)**

##### **INTANGIBLE ASSETS**

Intangible assets consist of water availability rights under an agreement the City entered into with a regional public authority. The agreement makes available to the City fifteen million gallons per day of raw water. The availability rights are being amortized over forty years, the life of the agreement.

##### **LONG-TERM OBLIGATIONS**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The City has entered into an interest rate swap agreement to modify interest rates on outstanding debt in the Water and Sewer Fund. Other than the net interest expense resulting from the agreement, no amounts are recorded in the financial statements.

##### **COMPENSATED ABSENCES**

Under the City's current personnel ordinance, full-time employees accrue vacation days based on years of service and may accumulate up to twice their annual accrual level on January 31<sup>st</sup> of each year. Any unused days not exceeding twice the annual accrual level will be paid upon termination of employment. Full time employees receive up to eleven paid holidays per year. If scheduled holidays can not be taken, employees may accumulate up to twenty days and be paid for any unused days upon termination of employment. Sick leave credits can be accumulated indefinitely and employees with five years continuous service shall be paid for 25% of their unused sick leave upon termination of employment. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of the time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.



# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2005**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **E. ASSETS, LIABILITIES, NET ASSETS OR EQUITY (continued)**

##### **COMPENSATED ABSENCES (continued)**

As more fully described in Note 4, the Authority contracts with First Transit, Inc. to provide management services, including the furnishing of employees to operate and maintain the equipment. As of June 30, 2005 the Authority recorded a liability of \$27,894 for unused vacation benefits for employees of First Transit, Inc. and the Authority. Although sick leave may accumulate to a maximum of seventy-five days for employees of First Transit, Inc. and ninety days for Authority employees, it does not vest. The Authority has no obligation for accumulated sick leave until it is actually taken, therefore, no accrual for sick leave has been made. First Transit, Inc. provides other benefits that are reimbursed by agreement.

##### **MEDICAL SELF-INSURANCE PROGRAM**

The City is currently a self-insurer for group medical insurance. The City has contracted with Blue Cross and Blue Shield of North Carolina to administer the program. In addition, the City has a contract with HCC Benefits Corporation to provide for individual stop-loss and aggregate stop-loss charges and partial pooling of claims above a specified amount. The individual stop-loss and aggregate stop-loss provides a method by which the group limits claims charged to its account to 125% of expected claims. The partial pooling – specific loss pooling provides that during any one contract period the total accumulated claims expense paid for any one participant above \$150,000 will not be charged to the group during the remainder of that contract period for that participant. A provision of \$706,906 for estimated claims incurred but not reported as of June 30, 2005, is accrued in accordance with the guidelines of GASB Statement No. 10.

##### **WORKERS' COMPENSATION SELF-INSURANCE PROGRAM**

The City is currently a self-insurer for workers' compensation insurance. The City has contracted with Key Risk, Inc., a provider of claims administrative services, to administer the program. The program provides that the City would be responsible for the first \$300,000 of cost and/or benefits payable to employees (other than public safety) resulting from any one accident or event, regardless of the number of persons injured. For public safety employees (police and fire) the City is responsible for the first \$500,000 of cost and/or benefits. Specific excess reinsurance would provide coverage above these dual limits (\$300,000/\$500,000) up to maximum limits provided under the North Carolina Workers' Compensation Act. In addition, aggregate excess reinsurance would provide protection against cumulative retained losses during the year, capping retained losses at \$3,000,000. A provision of \$203,187 for estimated claims incurred as of June 30, 2005, is accrued in accordance with the guidelines of GASB Statement No. 10.

##### **NET ASSETS/FUND BALANCES**

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2005**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **NET ASSETS/FUND BALANCES (continued)**

In the governmental fund financial statements, reservations of fund balance represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

#### **Reserved:**

Reserved for encumbrances - portion of fund balance available to pay for commitments related to purchase orders or contracts which remain unperformed at year-end.

Reserved for inventories - portion of fund balance that is not available for appropriation because it represents the year-end fund balance of ending inventories, which are not expendable, available resources.

Reserved by State statute - portion of fund balance, in addition to reserves for encumbrances and reserves for inventories, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables, which have not been offset by deferred revenues.

Reserved for loans - portion of fund balance that is not available for appropriation because it represents the year-end fund balance of notes receivable, which are not expendable, available resources.

Reserved for firemen's relief - portion of fund balance that has been specifically set-aside to fund firemen's benefits.

Reserved for capital projects - represents the proceeds of debt obligations used to finance major capital improvements not yet completed and funds accumulated for future capital projects.

Reserved for debt service - represents amounts held for the future payment of general long-term debt principal and interest.

Reserved for Convention Center Facility - portion of fund balance representing proceeds from room occupancy tax specifically levied for construction of a convention center.

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued)**

**June 30, 2005**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **NET ASSETS/FUND BALANCES (continued)**

Unreserved:

The unreserved portion of fund balance is further detailed as either designated for a specific purpose or undesignated. Designated fund balance for specific purposes is as follows:

Subsequent year's expenditures	\$ 750,000
Self insurance	<u>750,000</u>
	<u>\$ 1,500,000</u>

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year-end.

#### **F. COMPARATIVE DATA**

Comparative data for the prior year has been presented in selected sections of the City's CAFR in order to provide an understanding of changes in the City's financial position and operations. Comparative totals have not been included on the statements where their inclusion would not provide enhanced understanding of the City's financial position and operations, or would cause the statements to be unduly complex or difficult to understand.

### **NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

#### **A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS**

The governmental funds balance sheet includes a reconciliation between total fund balances – governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One item of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.”

The details of that item are as follows:

Bonds payable	\$ 15,251,701
Installment obligations	53,729,242
Unamortized issuance costs, premiums and similar items	939,075
Accrued interest payable	511,552
Other long-term obligations	6,587,390
Accrued vacation and sick leave	<u>4,704,374</u>
	<u>\$ 81,723,334</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2005

### NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

#### B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental funds statement of revenues, expenditures and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and changes in net assets - governmental activities as reported in the government-wide statement of activities. One item of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” Another item of that reconciliation states that “this is the amount by which capital outlays exceeded depreciation in the current period, including amounts for donations and disposals.”

The details of those items are as follows:

Capital outlay	\$ 11,718,794
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	771,286
Transfers of capital assets to proprietary funds and the net book value of capital assets sold decrease net assets in the statement of activities, but do not appear in governmental funds because they are not financial resources.	(7,704)
Depreciation expense	<u>(2,665,821)</u>
	<u>\$ 9,816,555</u>

Another item of that reconciliation states that “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this item are as follows:

Accrued room occupancy tax receivable	\$ 516,396
Accrued interest receivable	73,481
Tax and other receipts deferred in funds	<u>(32,624)</u>
	<u>\$ 557,253</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2005

### NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

#### B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (continued)

Another element of that reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds”. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

The details of this item are as follows:

Debt issued:

Issuance of installment obligations	\$ (12,197,156)
Issuance of refunding installment obligations	(37,426,338)
Issuance of other long-term obligations	(1,184,184)
Issuance costs (to be amortized over the life of the obligation)	855,804

Principal payments:

Bonds payable	2,568,253
Installment obligations	898,569
Refunded installment obligations	8,535,107
Other long-term obligations	1,118,594
Amortization of issuance costs, premiums and similar items	<u>(69,053)</u>
	<u>\$ (36,900,404)</u>

The reconciliation further states that “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this item are as follows:

Accrued vacation and sick leave	\$ (54,695)
Accrued interest payable	<u>(176,490)</u>
	<u>\$ (231,185)</u>

### NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### FUND BALANCE DEFICITS IN INDIVIDUAL FUNDS

The unreserved, undesignated fund balances in the governmental fund types include a deficit of \$264,268 in the Community Development Fund and \$198,422 in the Home Investment Partnership Fund. The Community Development Fund and the Home Investment Partnership Fund are included in the Special Revenue Funds. The deficit in the Special Revenue Funds will be eliminated with future reimbursements of federal and state grant funds.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2005

### NOTE 4 – DETAIL NOTES ON ALL FUNDS

#### A. ASSETS

##### DEPOSITS AND INVESTMENTS

All of the City's and the Authority's deposits are either insured or collateralized under the pooling method. Under the pooling method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City and the Authority, these deposits are considered to be held by each unit's agent in the unit's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits.

Depositories using the pooling method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the units or the escrow agents. Because of the inability to measure the exact amount of collateral pledged for the units under the pooling method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the pooling method. The City and the Authority have no policy regarding custodial credit risk for deposits.

At June 30, 2005, the City's deposits had a carrying amount of \$13,050,753 and a bank balance of \$15,259,983. Of the bank balance, \$200,000 was covered by federal depository insurance and \$15,059,983 was covered by collateral held under the pooling method. Cash on hand at June 30, 2005, was \$9,683.

At June 30, 2005, the Authority's deposits had a carrying amount of \$16,818 and a bank balance of \$83,483. The bank balance at June 30, 2005 was covered by federal depository insurance.

At June 30, 2005, the City's investments were as follows:

	Fair Value	Weighted Average Maturity (Years)
U.S. Government Treasuries	\$ 18,334,590	0.83
U.S. Government Agencies *	77,108,745	0.95
North Carolina Capital Management Trust-Cash Portfolio	38,208,502	N/A
Total fair value	<u>\$ 133,651,837</u>	
Portfolio weighted average maturity		0.66

\* Included in U.S. Government Agencies are callable securities. For weighted average maturity, it is assumed that these securities will be held to maturity.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2005

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### A. ASSETS (continued)

#### DEPOSITS AND INVESTMENTS (continued)

##### Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the weighted average maturity of the City's investment portfolio to no more than 12 months. Also, the City's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than five years.

##### Credit Risk

The City had no formal policy on managing credit risk. As of June 30, 2005, the City's investments in the NC Capital Management Trust - Cash Portfolio carried a credit rating of AAAm by Standard & Poor's. The City's investments in US Agencies (Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and Federal Farm Credit Bank) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

##### Concentration of Credit Risk

The City's investment policy limits the amount that the City may invest in any one issuer to 25% of the City's total investments. More than 5 percent of the City's investments are in the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and the Federal Farm Credit Bank securities. These investments are 13.6%, 13.6%, 15.3% and 15.1% respectively of the City's total investments.

At June 30, 2005, the Authority had no investments.

#### RECEIVABLES

Receivables at the government-wide level at June 30, 2005, were as follows:

	Taxes	Accounts	Other Governments	Notes	Other	Total
Governmental activities:						
General	\$ 1,667,498	\$ 158,492	\$ 6,125,097	\$ 424,377	\$ -	\$ 8,375,464
Building Improvements	-	-	327,421	-	51,924	379,345
Other governmental	-	-	1,524,383	11,855,423	730,709	14,110,515
Total receivables	1,667,498	158,492	7,976,901	12,279,800	782,633	22,865,324
Allowance for doubtful accounts	(594,961)	-	-	-	-	(594,961)
Total governmental activities	<u>\$ 1,072,537</u>	<u>\$ 158,492</u>	<u>\$ 7,976,901</u>	<u>\$ 12,279,800</u>	<u>\$ 782,633</u>	<u>\$ 22,270,363</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2005

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### A. ASSETS (continued)

#### RECEIVABLES (continued)

	Taxes	Accounts	Other Governments	Notes	Other	Total
Business-type activities:						
Water and Sewer	\$ -	\$ 4,596,122	\$ 50,290	\$ -	\$ 729,472	\$ 5,375,884
Ground Water Utility	-	757,910	16	-	16,462	774,388
Solid Waste Management	-	337,221	48	-	21,410	358,679
Storm Water Management	-	-	3,915	-	75,335	79,250
Parking Facilities	-	-	13,249	-	15,964	29,213
Golf	-	-	128	-	6,524	6,652
Total receivables	-	5,691,253	67,646	-	865,167	6,624,066
Allowance for doubtful accounts	-	(1,397,352)	-	-	-	(1,397,352)
Total business-type activities	\$ -	\$ 4,293,901	\$ 67,646	\$ -	\$ 865,167	\$ 5,226,714

The amount due from other governments consists of the following:

#### Governmental activities:

Local government sales and use taxes	\$ 3,982,124
Utility Franchise Tax	1,028,904
Refund of sales and use tax paid	757,553
New Hanover County	539,452
Other grants and reimbursements	1,668,868
	<u>\$ 7,976,901</u>

#### Business-type activities:

Refund of sales and use tax paid	<u>\$ 67,646</u>
----------------------------------	------------------

The amount due from other governments for the Authority consists of the following:

Refund of sales and use tax paid	\$ 30,182
New Hanover County	21,778
	<u>\$ 51,960</u>



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2005

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### A. ASSETS (continued)

#### CAPITAL ASSETS

Capital asset activity for the primary government for the year ended June 30, 2005, was as follows:

	July 1, 2004	Increases	Decreases	Transfers	June 30, 2005
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 8,090,728	\$ -	\$ -	\$ -	8,090,728
Construction in progress	<u>5,423,019</u>	<u>1,633,312</u>	<u>-</u>	<u>(4,355,754)</u>	<u>2,700,577</u>
Total capital assets not being depreciated	<u>13,513,747</u>	<u>\$ 1,633,312</u>	<u>\$ -</u>	<u>\$ (4,355,754)</u>	<u>10,791,305</u>
Capital assets being depreciated:					
Improvements other than buildings	9,400,164	\$ 3,090,700	\$ -	\$ 439,591	12,930,455
Buildings, plant and structures	36,515,930	4,115,422	-	3,889,053	44,520,405
Furniture, fixtures, machinery and equipment	25,672,640	2,786,539	(998,772)	76,522	27,536,929
Streets and drainage	<u>6,642,287</u>	<u>2,108,306</u>	<u>-</u>	<u>27,110</u>	<u>8,777,703</u>
Total capital assets being depreciated	<u>78,231,021</u>	<u>\$ 12,100,967</u>	<u>\$ (998,772)</u>	<u>\$ 4,432,276</u>	<u>93,765,492</u>
Less accumulated depreciation for:					
Improvements other than buildings	2,186,024	\$ 558,266	\$ -	\$ -	2,744,290
Buildings, plant and structures	9,453,954	968,275	-	-	10,422,229
Furniture, fixtures, machinery and equipment	20,391,230	2,426,038	(959,077)	-	21,858,191
Streets and drainage	<u>130,269</u>	<u>154,200</u>	<u>-</u>	<u>-</u>	<u>284,469</u>
Total accumulated depreciation	<u>32,161,477</u>	<u>\$ 4,106,779</u>	<u>\$ (959,077)</u>	<u>\$ -</u>	<u>35,309,179</u>
Total capital assets being depreciated, net	<u>46,069,544</u>				<u>58,456,313</u>
Governmental activities capital assets, net	<u>\$ 59,583,291</u>				<u>\$ 69,247,618</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 755,819
Public safety	965,088
Transportation	203,852
Economic and physical development	3,536
Cultural and recreational	737,527
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,440,957</u>
	<u>\$ 4,106,779</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2005

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### A. ASSETS (continued)

#### CAPITAL ASSETS (continued)

Capital asset activity for the business-type activities for the year ended June 30, 2005, was as follows:

	<u>July 1, 2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2005</u>
Business-type activities:					
Water and sewer:					
Capital assets not being depreciated:					
Land	\$ 1,942,906	\$ -	\$ -	\$ -	\$ 1,942,906
Construction in progress	<u>3,043,669</u>	<u>902,619</u>	<u>-</u>	<u>(153,675)</u>	<u>3,792,613</u>
Total capital assets not being depreciated	<u>4,986,575</u>	<u>\$ 902,619</u>	<u>\$ -</u>	<u>\$ (153,675)</u>	<u>5,735,519</u>
Capital assets being depreciated:					
Buildings, plant and structures	85,174,910	\$ 1,109,279	\$ -	\$ 153,675	86,437,864
Water and sewer lines	104,079,780	3,871,537	-	-	107,951,317
Furniture, fixtures, machinery and equipment	<u>2,331,670</u>	<u>142,531</u>	<u>(48,220)</u>	<u>-</u>	<u>2,425,981</u>
Total capital assets being depreciated	<u>191,586,360</u>	<u>\$ 5,123,347</u>	<u>\$ (48,220)</u>	<u>\$ 153,675</u>	<u>196,815,162</u>
Less accumulated depreciation for:					
Buildings, plant and structures	24,306,663	\$ 2,101,146	\$ -	\$ -	26,407,809
Water and sewer lines	28,475,673	2,025,881	-	-	30,501,554
Furniture, fixtures, machinery and equipment	<u>2,128,337</u>	<u>128,294</u>	<u>(46,701)</u>	<u>-</u>	<u>2,209,930</u>
Total accumulated depreciation	<u>54,910,673</u>	<u>\$ 4,255,321</u>	<u>\$ (46,701)</u>	<u>\$ -</u>	<u>59,119,293</u>
Total capital assets being depreciated, net	<u>136,675,687</u>				<u>137,695,869</u>
Water and sewer capital assets, net	<u>141,662,262</u>				<u>143,431,388</u>
Ground water:					
Capital assets not being depreciated:					
Land	<u>368,464</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>368,464</u>
Capital assets being depreciated:					
Buildings, plant and structures	2,738,955	\$ -	\$ -	\$ -	2,738,955
Water and sewer lines	<u>19,261,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,261,958</u>
Total capital assets being depreciated	<u>22,000,913</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>22,000,913</u>
Less accumulated depreciation for:					
Buildings, plant and structures	308,133	\$ 68,474	\$ -	\$ -	376,607
Water and sewer lines	<u>1,733,078</u>	<u>385,239</u>	<u>-</u>	<u>-</u>	<u>2,118,317</u>
Total accumulated depreciation	<u>2,041,211</u>	<u>\$ 453,713</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,494,924</u>
Total capital assets being depreciated, net	<u>19,959,702</u>				<u>19,505,989</u>
Ground water capital assets, net	<u>20,328,166</u>				<u>19,874,453</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2005

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### A. ASSETS (continued)

#### CAPITAL ASSETS (continued)

	July 1, 2004	Increases	Decreases	Transfers	June 30, 2005
Solid waste:					
Capital assets being depreciated:					
Furniture, fixtures, machinery and equipment	\$ 26,000	\$ 76,522	\$ -	\$ (76,522)	\$ 26,000
Less accumulated depreciation for:					
Furniture, fixtures, machinery and equipment	26,000	\$ -	\$ -	\$ -	26,000
Solid waste capital assets, net	-				-
Storm water:					
Capital assets not being depreciated:					
Construction in progress	1,644,405	\$ 554,746	\$ -	\$ -	2,199,151
Capital assets being depreciated:					
Improvements other than buildings	23,894,361	\$ 1,154,699	\$ -	\$ -	25,049,060
Furniture, fixtures, machinery and equipment	165,798	17,690	-	-	183,488
Total capital assets being depreciated	24,060,159	\$ 1,172,389	\$ -	\$ -	25,232,548
Less accumulated depreciation for:					
Buildings, plant and structures	10,117,347	\$ 1,220,447	\$ -	\$ -	11,337,794
Furniture, fixtures, machinery and equipment	75,898	29,697	-	-	105,595
Total accumulated depreciation	10,193,245	\$ 1,250,144	\$ -	\$ -	11,443,389
Total capital assets being depreciated, net	13,866,914				13,789,159
Storm water capital assets, net	15,511,319				15,988,310
Golf:					
Capital assets not being depreciated:					
Land	109,393	\$ -	\$ -	\$ -	109,393
Capital assets being depreciated:					
Improvements other than buildings	739,576	\$ -	\$ -	\$ -	739,576
Buildings, plant and structures	290,903	-	-	-	290,903
Furniture, fixtures, machinery and equipment	441,411	-	-	21,870	463,281
Total capital assets being depreciated	1,471,890	\$ -	\$ -	\$ 21,870	1,493,760

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2005

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### A. ASSETS (continued)

##### CAPITAL ASSETS (continued)

	July 1, 2004	Increases	Decreases	Transfers	June 30, 2005
Golf: (continued)					
Less accumulated depreciation for:					
Improvements other than buildings	\$ 367,640	\$ 36,979	\$ -	\$ -	\$ 404,619
Buildings, plant and structures	133,202	5,261	-	-	138,463
Furniture, fixtures, machinery and equipment	358,204	40,883	-	21,870	420,957
Total accumulated depreciation	859,046	\$ 83,123	\$ -	\$ 21,870	964,039
Total capital assets being depreciated, net	612,844				529,721
Golf capital assets, net	722,237				639,114
Parking facilities:					
Capital assets not being depreciated:					
Land	1,355,954	\$ -	\$ -	\$ -	1,355,954
Construction in progress	8,711,631	593,933	-	(8,584,115)	721,449
Total capital assets not being depreciated	10,067,585	\$ 593,933	\$ -	\$ (8,584,115)	2,077,403
Capital assets being depreciated:					
Buildings, plant and structures	2,293,727	\$ 1,357,860	\$ -	\$ 8,584,115	12,235,702
Furniture, fixtures, machinery and equipment	87,311	-	-	-	87,311
Total capital assets being depreciated	2,381,038	\$ 1,357,860	\$ -	\$ 8,584,115	12,323,013
Less accumulated depreciation for:					
Buildings, plant and structures	1,643,833	\$ 363,236	\$ -	\$ -	2,007,069
Furniture, fixtures, machinery and equipment	48,648	11,430	-	-	60,078
Total accumulated depreciation	1,692,481	\$ 374,666	\$ -	\$ -	2,067,147
Total capital assets being depreciated, net	688,557				10,255,866
Parking facilities capital assets, net	10,756,142				12,333,269
Business-type activities capital assets, net	\$188,980,126				\$192,266,534

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2005

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### A. ASSETS (continued)

#### CAPITAL ASSETS (continued)

#### CONSTRUCTION COMMITMENTS

The City has active construction projects at June 30, 2005. At year-end, the City's commitments with contractors are as follows:

Governmental funds:	
Capital Projects	<u>\$ 26,127,258</u>
Enterprise funds:	
Water and Sewer	\$ 4,206,352
Parking Facilities	251,271
Stormwater Management	<u>156,320</u>
Total enterprise funds	<u>\$ 4,613,943</u>

#### DISCRETELY PRESENTED COMPONENT UNIT

Activity for the Cape Fear Public Transportation Authority for the year ended June 30, 2005, is as follows:

	<u>July 1, 2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2005</u>
Capital assets not being depreciated:				
Land	\$ 26,070	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,070</u>
Capital assets being depreciated:				
Improvements other than buildings	268,229	\$ -	\$ -	268,229
Buildings, plant and structures	271,318	-	-	271,318
Furniture, fixtures, machinery and equipment	<u>7,162,908</u>	<u>1,093,221</u>	<u>5,437</u>	<u>8,250,692</u>
Total capital assets being depreciated	<u>7,702,455</u>	<u>\$ 1,093,221</u>	<u>\$ 5,437</u>	<u>8,790,239</u>
Less accumulated depreciation for:				
Improvements other than buildings	158,663	\$ 18,597	\$ -	177,260
Buildings, plant and structures	233,677	2,788	-	236,465
Furniture, fixtures, machinery and equipment	<u>1,585,517</u>	<u>768,377</u>	<u>-</u>	<u>2,353,894</u>
Total accumulated depreciation	<u>1,977,857</u>	<u>\$ 789,762</u>	<u>\$ -</u>	<u>2,767,619</u>
Total capital assets being depreciated, net	<u>5,724,598</u>			<u>6,022,620</u>
Authority capital assets, net	<u>\$ 5,750,668</u>			<u>\$ 6,048,690</u>

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2005**

### **NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

#### **B. LIABILITIES**

##### **PENSION PLAN OBLIGATIONS**

###### **1. Local Governmental Employees' Retirement System**

*Plan Description.* The City of Wilmington and the Authority contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Plan members are required to contribute six percent of their annual covered salary. The City and the Authority are required to contribute at an actuarially determined rate. For the City and the Authority, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.80% and 4.78%, respectively, of annual covered payroll. The contribution requirements of members, the City and the Authority are established and may be amended by the North Carolina General Assembly.

Contributions by the City and Authority to LGERS for the years ended June 30, 2005, 2004, and 2003 were \$1,986,374, \$1,853,744 and \$1,755,109, respectively. The contributions made by the City and the Authority equaled the required contributions for each year.

###### **2. Law Enforcement Officers' Special Separation Allowance**

###### *a. Plan Description.*

The City of Wilmington administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance is included in the City's financial statements as a pension trust fund. The Separation Allowance does not issue separate financial statements.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2005

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### PENSION PLAN OBLIGATIONS (continued)

#### 2. Law Enforcement Officers' Special Separation Allowance (continued)

##### a. Plan Description. (continued)

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2004, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits	17
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>247</u>
Total	<u><u>264</u></u>

##### b. Summary of Significant Accounting Policies:

*Basis of Accounting.* Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the City has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

*Methods used to Value Investments.* Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the government's balance sheet date. Securities without an established market are reported at estimated fair value.

##### c. Contributions.

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the City contributed \$250,633 or 2.70% of annual covered payroll. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly.

The annual required contribution for the current year was determined as part of the December 31, 2003 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return and (b) projected salary increases ranging from 5.9% to 9.8% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2003 was 27 years.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2005

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### PENSION PLAN OBLIGATIONS (continued)

#### 2. Law Enforcement Officers' Special Separation Allowance (continued)

##### c. Contributions. (continued)

*Annual Pension Cost and Net Pension Obligation.* The City's annual pension cost and net pension obligation (asset) in regards to the Separation Allowance for the current year are as follows:

Annual required contribution	\$ 279,828
Interest on net pension obligation	(24,644)
Adjustment to annual required contribution	19,068
Annual pension cost	274,252
Contributions made	(250,633)
Change in net pension obligation (asset)	23,619
Net pension obligation (asset) beginning of year	(339,911)
Net pension obligation (asset) end of year	<u>\$ (316,292)</u>

#### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percent of APC Contributed	Net Pension Obligation (Asset)
June 30, 2003	\$ 240,614	93.72 %	\$ (335,468)
June 30, 2004	233,127	101.91	(339,911)
June 30, 2005	274,252	91.39	(316,292)

#### 3. Supplemental Retirement Income Plan for Law Enforcement Officers

*Plan Description.* The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. For the year ended June 30, 2005 the City's required contribution was \$501,265 for the law enforcement officers.



# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2005**

### **NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

#### **B. LIABILITIES (continued)**

#### **PENSION PLAN OBLIGATIONS (continued)**

##### **3. Supplemental Retirement Income Plan for Law Enforcement Officers (continued)**

The City has elected to make contributions on behalf of all employees to the Supplemental Retirement Income Plan or the 457 Deferred Compensation Plan, discussed below. The City's contribution is 4.5% of covered payroll and contributions are made to the plan selected by the employee. The City Council established the contribution and can amend or discontinue it at any time. Employees can also make voluntary contributions to these plans.

Employer contributions to the Supplemental Retirement Income Plan, excluding required contributions for law enforcement officers, totaled \$972,302 for the year ended June 30, 2005. Employee contributions to this plan, including law enforcement officers, included in salary expense for the year ended June 30, 2005, were \$671,410. The Authority elected to make a 4.5% contribution to the Supplemental Retirement Income Plan on behalf of its employees, totaling \$1,393 for the year ended June 30, 2005.

##### **4. Firemen's Pension Fund**

*Plan Description.* The State of North Carolina contributes, on behalf of the City of Wilmington, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

#### **DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the International City Managers' Association Retirement Corporation. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergencies. All assets of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries.

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2005**

### **NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

#### **B. LIABILITIES (continued)**

##### **DEFERRED COMPENSATION PLAN (continued)**

The City provides a contribution of 3% of covered payroll to the 457 Deferred Compensation Plan for fire fighters. The City also matches the contributions made by the fire fighters to the 457 Deferred Compensation Plan up to 3% of covered payroll. The City Council established both the 3% contribution and the matching contribution and may amend or discontinue them at any time. Contributions by fire fighters to the plan, included in salary expense for the year ended June 30, 2005, were \$350,603 that was matched by the City.

Employer contributions to the 457 Deferred Compensation Plan totaled \$1,313,499 for the year ended June 30, 2005. This amount included the 3% contribution and matching contributions for fire fighters as well as the 4.5% employer contribution available to all employees. Employee contributions to the plan, excluding the fire fighter's 3% deferral, included in salary expense for the year ended June 30, 2005, were \$212,799.

##### **OTHER POST-EMPLOYMENT BENEFITS**

In addition to providing pension benefits, the City of Wilmington has voluntarily elected to provide post-retirement health benefits to retirees of the City who participate in the North Carolina Local Government Employees' Retirement System (System) and have at least five years of creditable service with the City. The City shares the cost of coverage for these benefits with the retiree by paying claims under its medical self-insurance program and charging participants a copayment amount. Expenditures for post-employment health care benefits are recognized as retirees report claims and include a provision for actual claims and claims not yet reported. Currently, 109 retirees participate in the post-retirement health benefits. The City's expenditures totaled \$554,516 for the year ended June 30, 2005, net of \$146,367 received from participants.

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to the employee's death, but will not be a minimum of \$25,000 and will not exceed \$50,000. The City has no liability beyond the payment of monthly contributions.

Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2005, the City made contributions to the State for death benefits of \$13,776. The City is not required to contribute for employees not engaged in law enforcement. For law enforcement officers the City's contribution represented .14% of covered payroll. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2005

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES

##### General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds, which pledge the full faith, credit, and taxing power of the City, have been issued for both governmental and business-type activities. General obligation bonds issued for governmental activity purposes are serviced by the Debt Service Fund beginning in 2005 and by the General Fund prior to 2005. Those bonds reported in the business-type activities are expected to be repaid from revenues of the proprietary funds.

General obligation bonds outstanding at June 30, 2005 are as follows:

Purpose	Interest Rates	Amount
Governmental activities	3.00% - 5.25%	\$ 9,656,176
Governmental activities - refunding	2.00% - 5.00%	5,595,525
Business-type activities	4.50% - 5.00%	3,963,824
Business-type activities - refunding	2.00% - 5.00%	29,634,475
		<u>\$ 48,850,000</u>

Annual debt service requirements to maturity for general obligation bonds at June 30, 2005 are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2006	\$ 2,289,546	\$ 608,924	\$ 3,175,454	\$ 1,336,130
2007	2,142,182	532,517	3,177,818	1,211,665
2008	2,228,378	456,565	3,481,622	1,088,046
2009	1,637,863	375,769	3,697,137	945,590
2010	1,152,816	314,052	4,142,184	797,533
2011-2015	3,935,916	942,259	15,924,084	1,754,093
2016-2018	1,865,000	168,581	-	-
	<u>\$ 15,251,701</u>	<u>\$ 3,398,667</u>	<u>\$ 33,598,299</u>	<u>\$ 7,133,057</u>

##### Revenue Bonds

The City has \$12,790,000 in outstanding tax exempt 1999 revenue bonds at June 30, 2005 bearing interest payable semi-annually at fixed rates from 4.5% to 5.75%. Principal is payable in varying amounts through 2019. At June 30, 2005, the City has \$5,628,416 outstanding in a tax-exempt 2003 revenue bond bearing interest payable semi-annually at a fixed rate of 3.65%. Principal is payable in varying amounts through 2019. Net revenues of the Water and Sewer Fund (a business-type activity) are pledged as security for the revenue bonds. Principal and interest requirements will be provided by appropriation in the year in which they become due.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2005

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

##### Revenue Bonds (continued)

Certain covenants are contained in the revenue bond orders, among the most restrictive of which provides that the City maintain a long-term debt service coverage ratio, as defined, of not less than 1.20. The City was in compliance with the covenants during the fiscal year ended June 30, 2005.

Debt service requirements to maturity are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2006	\$ 974,299	\$ 890,231
2007	1,016,428	847,142
2008	1,064,004	801,491
2009	1,112,043	752,952
2010	1,160,562	702,183
2011-2015	6,703,685	2,617,831
2016-2019	6,387,395	797,057
	<u>\$ 18,418,416</u>	<u>\$ 7,408,887</u>

##### Installment Obligations

Certificates of Participation, all tax-exempt, have been issued in prior years for purchase of real property, construction of public facilities, construction of new parking facilities and the acquisition of two private water systems. Outstanding certificates bear interest, payable semi-annually, at fixed rates from 2.0% to 5.35% with varying maturities through 2028.

In July 2004, the City issued a total of \$11,810,000 in tax-exempt Certificates of Participation, with a net premium of \$387,156. The certificates bear interest, paid semi-annually at fixed rates from 2.25% to 5.25% in varying maturities through 2029. The proceeds are being used to construct a fire station and operations center. The debt is accounted for in the City's governmental activities.

In June 2005, the City issued a total of \$37,020,000 in tax-exempt Certificates of Participation, with a net premium of \$1,931,880. The certificates bear interest, paid semi-annually at fixed rates from 3.00% to 5.00% in varying maturities through 2032. A total of \$1,525,542 of the proceeds is being used for drainage improvements. The debt is accounted for in the Storm Water Management Fund, a business-type activity of the City. A total of \$28,743,101 of the proceeds is being used to construct a police headquarters facility and an operations center. These certificates are accounted for in the governmental activities of the City. The balance of the proceeds is being used to advance refund \$6,599,320 of Series 1997 Certificates of Participation and \$1,935,787 of Series 1999B Certificates of Participation with a premium of \$332,933 and \$65,304, respectively.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2005

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

##### Installment Obligations (continued)

The reacquisition price exceeded the net carrying amount of the old debt by \$340,107. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is same as the new debt issued. The refunding Certificates of Participation are accounted for in the City's governmental activities. The transaction resulted in an economic gain of \$320,698 and a reduction of \$257,575 in future debt service payments.

At June 30, 2005 the principal balance of Certificates of Participation accounted for in governmental activities was \$53,729,242. Principal and interest requirements will be provided by appropriation in the Debt Service Fund in the year they become due.

The outstanding principal balance of Certificates of Participation accounted for in the business-type activities totaled \$30,250,758 at June 30, 2005. A total of \$9,065,758 is accounted for in the Parking Facilities Fund. A total of \$1,465,000 is accounted for in the Storm Water Management Fund. The remaining \$19,720,000 in principal balance is accounted for in the Ground Water Utility Fund. Principal and interest requirements will be provided by appropriation in these funds in the year in which they become due.

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2006	\$ 1,228,569	\$ 2,440,857	\$ 881,431	\$ 1,474,071
2007	1,593,569	2,431,965	1,151,431	1,440,188
2008	1,673,569	2,371,745	1,176,431	1,395,989
2009	1,708,569	2,319,230	1,221,431	1,347,696
2010	1,788,569	2,257,945	1,256,431	1,292,523
2011-2015	11,887,845	10,126,670	6,912,155	5,546,888
2016-2020	11,857,845	7,146,203	8,217,155	3,704,685
2021-2025	9,980,707	4,395,862	8,234,293	1,428,416
2026-2030	9,350,000	1,987,400	1,200,000	114,000
2031-2032	2,660,000	197,925	-	-
	<u>\$ 53,729,242</u>	<u>\$ 35,675,802</u>	<u>\$ 30,250,758</u>	<u>\$ 17,744,456</u>

#### Defeased Debt

In June 2005, the City defeased Certificates of Participation by placing the proceeds in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and liabilities for the defeased certificates are not included in the City's financial statements. At June 30, 2005, \$8,195,000 of outstanding certificates are considered defeased.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2005

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

##### Other Long-Term Obligations

The City is financing the acquisition of certain equipment and real property for governmental activities through installment notes. These notes bear interest at rates ranging from 2.38% to 3.94% and are being paid from the Debt Service Fund. In May 1996, the City entered into an installment purchase agreement for various equipment acquisitions. The note is payable through 2006 at a fixed rate of interest of 2.38% and the current balance is \$362,375. In December 2000, the City entered into an installment purchase agreement for various equipment acquisitions. The note is payable through 2006 at a fixed rate of interest of 2.75% and the current balance is \$503,331. In December 2001, the City entered into an installment purchase agreement for improvements to the Legion Stadium Sports Complex. The note is payable through 2022 at a fixed rate of interest of 3.94%, the current balance on the note is \$4,537,500. In October 2004, the City entered into a variable rate installment purchase agreement in the amount of \$3,000,000 with a draw down period through October 1, 2005 for police and fire equipment and for scheduled equipment replacements in the internal service funds. Since the internal service funds predominantly serve the governmental funds, \$880,627 is included in the governmental activities balance. The note is payable through 2009 at a variable interest rate payable quarterly at 90% of the 30 day London Interbank Offered Rate (LIBOR) plus .20%. The rate at June 30, 2005 was 3.04%. Principal is payable annually in four equal payments beginning October 1, 2006. As of June 30, 2005, the current balance of the note is \$2,064,811. The outstanding balance at June 30, 2005, related to the various installment notes, including Legion Stadium, aggregated \$7,468,017.

The City has entered into various lease-purchase and other financing agreements related to the business-type activities for the acquisition of equipment and real property as well as water availability rights. The Water and Sewer Fund has an installment obligation to the Lower Cape Fear Water and Sewer Authority for water availability rights. The outstanding balance at June 30, 2005 under this obligation was \$22,158 and the obligation bears interest at approximately 6.0%. The Parking Facilities Fund has an installment note payable at June 30, 2005 in the amount of \$728,935. The note has an overall interest rate of 3.4%. The Golf Fund has an installment note payable at June 30, 2005 in the amount of \$24,270. The note has an overall interest rate of 2.75%.

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2006	\$ 1,140,705	\$ 253,020	\$ 219,552	\$ 24,178
2007	1,025,000	216,773	179,060	17,388
2008	1,025,000	183,581	185,200	11,249
2009	839,812	152,238	191,551	4,898
2010	275,000	132,736	-	-
2011-2015	1,375,000	501,453	-	-
2016-2020	1,375,000	230,518	-	-
2021-2022	412,500	16,267	-	-
	<u>\$ 7,468,017</u>	<u>\$ 1,686,586</u>	<u>\$ 775,363</u>	<u>\$ 57,713</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2005

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

##### Interest Rate Swap Agreement

**Objective of the interest rate swap.** As a means to lower its borrowing costs and increase its savings, when compared against fixed-rate refunding bonds at the time of issuance in February 2002; the City entered into an interest rate swap in connection with its \$28,825,000 Variable Rate General Obligation Refunding Bonds, Series 2002. The intention of the swap agreement was to effectively change the City's interest rate on the bonds to a synthetic fixed rate of 3.815%.

**Terms.** The bonds and the related swap agreement mature on June 1, 2015 and the swap's notional amount of \$24,940,000 matches the face amount of the variable-rate bonds. The swap was entered into at the same time the bonds were issued (February 2002). The notional value of the swap declines with the principal amount of the associated debt. Under the swap the City pays the counterparty a fixed payment of 3.815% and receives a variable payment computed at 67% of the LIBOR. Conversely, the bonds' variable-rate coupons are based on the actual float rate coupons marketed weekly.

**Fair value.** Because interest rates have declined since execution of the swap, the swap has a negative fair value of \$1,291,075 as of June 30, 2005. The swap's negative fair value may be countered by a reduction in total interest payments required under the variable rate bonds, creating a lower synthetic interest rate. Because the coupons on the City's variable-rate bonds are adjusted every seven days to changing interest rates, the bonds do not have a corresponding fair value increase. The mark-to-market valuations were established by market quotations from the counterparty representing estimates of the amounts that would be paid for replacement transactions.

**Credit risk.** As of June 30, 2005 the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the City would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated Aa1 by Moody's Investors Service (Moody's), AA by Standard and Poor's (S&P) and AA by Fitch Ratings (Fitch). To mitigate the potential for credit risk, if the counterparty's credit quality falls to A1 by Moody's or A+ by either S&P or Fitch and their exposure exceeds \$5,000,000 the fair value of the swap will be fully collateralized by the counterparty with U.S. government securities. Collateral would be posted with a third party custodian.

**Basis risk.** The swap exposes the City to basis risk should the relationship between LIBOR and the average rate paid on the floating rate coupon converge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rates of 3.815% and the synthetic rate as of June 30, 2005 of 3.86%. As of June 30, 2005, the rate on the City's Bonds was 2.28% whereas 67% of LIBOR was 2.2378%.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2005

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Interest Rate Swap Agreement (continued)

**Termination risk.** The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. An additional termination event occurs if the counterparty's credit rating falls below Baa1 (Moody's) or BBB+ (S&P and Fitch) by at least two of the rating agencies. The swap may be terminated by the City with 30 days notice and the counterparty can only terminate the swap if the City falls below BBB- with any of the three major rating services. Also, if at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

**Swap payments and associated debt.** Using rates as of June 30, 2005, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for the term of the bonds, were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Principal	Interest	Interest Rate Swap, Net	Total
2006	\$ 1,535,000	\$ 568,632	\$ 393,354	\$ 2,496,986
2007	1,725,000	533,634	369,144	2,627,778
2008	1,810,000	494,304	341,937	2,646,241
2009	2,595,000	453,036	313,390	3,361,426
2010	3,065,000	393,870	272,461	3,731,331
2011-2015	14,210,000	939,474	649,886	15,799,360
	<u>\$ 24,940,000</u>	<u>\$ 3,382,950</u>	<u>\$ 2,340,172</u>	<u>\$ 30,663,122</u>

#### Other long-term liabilities disclosures

State statutes provide for a legal debt limit of 8% of the City's assessed value of taxable property. The City's legal debt limit as of June 30, 2005 amounts to \$683,401,202.



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2005

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Changes in long-term liabilities (continued)

Long-term liability activity for the year ended June 30, 2005, was as follows:

	Balance July 1, 2004	Additions	Reductions	Balance June 30, 2005	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 17,819,954	\$ -	\$ 2,568,253	\$ 15,251,701	\$ 2,289,546
Less deferred amounts:					
On refunding	(183,555)	(340,107)	(66,802)	(456,860)	-
Plus deferred amounts:					
For issuance premium	116,250	2,258,494	17,387	2,357,357	-
Installment obligations	15,457,810	47,365,000	9,093,568	53,729,242	1,228,569
Other long-term obligations	6,521,800	2,064,811	1,118,594	7,468,017	1,140,705
Compensated absences	4,721,721	4,038,895	3,977,657	4,782,959	4,027,790
Governmental activity					
long-term liabilities	<u>\$ 44,453,980</u>	<u>\$ 55,387,093</u>	<u>\$ 16,708,657</u>	<u>\$ 83,132,416</u>	<u>\$ 8,686,610</u>
Business-type activities:					
General obligation bonds	\$ 36,920,046	\$ -	\$ 3,321,747	\$ 33,598,299	\$ 3,175,454
Revenue bonds	19,351,017	-	932,601	18,418,416	974,299
Installment obligations	29,567,190	1,465,000	781,432	30,250,758	881,431
Less deferred amounts:					
For issuance discount	(280,790)	60,542	3,374	(223,622)	-
On refunding	(1,740,273)	-	(189,844)	(1,550,429)	-
Other long-term obligations	1,223,367	-	448,004	775,363	219,552
Compensated absences	1,071,184	1,060,387	1,058,607	1,072,964	876,851
Business-type activity					
long-term liabilities	<u>\$ 86,111,741</u>	<u>\$ 2,585,929</u>	<u>\$ 6,355,921</u>	<u>\$ 82,341,749</u>	<u>\$ 6,127,587</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end \$78,585 of internal service funds compensated absences and \$880,627 of internal service funds other long-term obligations are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2005**

### **NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

#### **B. LIABILITIES (continued)**

##### **LONG-TERM LIABILITIES (continued)**

##### **COMMITMENTS AND CONTINGENCIES**

The City and County entered into an agreement on January 18, 1988 with Coastline Associates Limited Partnership to lease conference center facilities for a term of five years. The agreement has been amended to extend the lease until April 30, 2006. Under the agreement the City makes rental payments not exceeding \$45,000 per year and reduces the balance of the note receivable on the conference center by \$30,000. For the fiscal year ending June 30, 2005, the City paid \$45,000 on the lease agreement and reduced the note receivable outstanding by \$30,000.

The City entered into a thirty-year ground lease commencing September 1, 2001 with the intention of building a parking facility on the site. The lease can be terminated after five years. Annual lease payments for the first five years are \$100,000. For the fiscal year ending June 30, 2005, the City paid \$100,000 on the lease agreement.

The City leases office facilities from the County under an operating lease expiring in August 2006. The annual cost of the lease is approximately \$144,000 per year.

A contractor subject to an agreement that will expire on September 1, 2005 manages the City's Second Street and Market Street parking decks. During the year ended June 30, 2005 the City paid \$145,533 for administration. The City also has an agreement, with the same contractor, for administration of a parking lot at a rate of \$21,897 per year. For the year ended June 30, 2005 the City paid \$21,897 for the administration of the parking lot. The City also contracted for the enforcement, maintenance and administration of on street parking under a five-year contract at rates ranging from \$28,257 to \$32,426 per month during the term of the agreement. During the year ended June 30, 2005 the City paid \$385,975 for these services.

As part of the agreement for the acquisition of Cape Fear Utilities, Inc. and Quality Water Supplies, Inc., the City has agreed to hold harmless the former shareholders against any and all claims in connection with the City's failure to comply with the terms of the purchase agreement. The agreement requires that the entire purchase price paid by the City be funded from non-recourse obligations issued under North Carolina General Statute §160A-20, which shall be secured only by the assets and/or revenues of the companies. The taxing power of the City is not and may not be pledged to secure any part of the purchase debt. The structure of the debt is designed to reasonably ensure that all debt service will be fully funded in a timely manner through the companies' revenue and the City does not expect to provide any additional funding for operation and maintenance of the water system outside of that generated by the companies.

The interlocal agreement between the County and the City to operate and provide transportation services provides that certain outstanding agreements shall be assumed by the Authority. The County has entered into a transportation agreement with First Transit, Inc. for the Company to operate and manage the County's public transportation system. The City entered into an agreement with First Transit, Inc. for the Company to operate and manage the City's public transportation system. The Authority has reached an agreement with First Transit, Inc. for the Company to operate and manage the public transportation system through June 30, 2008.

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2005**

### **NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

#### **B. LIABILITIES (continued)**

##### **COMMITMENTS AND CONTINGENCIES (continued)**

Under the existing agreement the Authority paid First Transit, Inc. a management fee of \$63,000 for the year ended June 30, 2005. At June 30, 2005 the Authority was indebted to First Transit, Inc. for \$266,505 for unreimbursed expenses.

An interlocal agreement entered into between the City of Wilmington and the New Hanover County Water and Sewer District, requires semiannual payments from the City to the District for sewer system improvements in annexation areas "A" and "B". These payments are based on the amount of revenues from the annexation areas that would normally be allocated to debt service and will extend for a term of twenty years. At June 30, 2005, the annualized amount due to the District was \$56,211.

The City of Wilmington and the New Hanover County Water and Sewer District have also entered into an interlocal cost sharing agreement for the upgrade and expansion of the City's northside wastewater treatment plant at an estimated cost of \$63,700,000. The City's portion of the cost approximates \$24,900,000 or 39%. The City has incurred approximately \$2,035,530 of their share of the costs of the project.

The City entered into an incentive agreement in March 2004 with Celco Partnership to provide incentive payments to the company in exchange for the company's commitment to construct, equip, and staff a facility in the City. The City's obligation under the agreement is \$125,000 per year for seven years commencing in the year following occupancy of the facility. In addition the City has agreed to provide up to \$500,000 for public infrastructure improvements required for the construction of the facility. The public infrastructure when completed will be dedicated for public maintenance and use. As of June 30, 2005 a total of \$196,093 had been paid for the public infrastructure improvements. The Company is required to have a direct investment in the facility of at least \$20 million and to provide 1,000 full time jobs by October 15<sup>th</sup> of the year following occupancy of the facility. The facility was approved for occupancy on July 20, 2004.

The City entered into an incentive agreement in June 2005 with Pharmaceutical Product Development, Inc to provide incentive payments to the company in exchange for the company's commitment to construct, equip, and staff a facility in the City. The City's obligation under the agreement is \$125,000 per year for five years commencing in the sixth year following occupancy of the facility. In addition the City agreed to provide up to \$4,000,000 in public infrastructure improvements in a designated redevelopment area that includes the Company's new facility. The improvements must be completed by December 31, 2008. As of June 30, 2005 no funds had been paid or requested for public infrastructure improvements. The Company is required to make a direct investment in the facility of at least \$80 million and to provide 857 additional jobs by October 15<sup>th</sup> of the sixth year after occupancy. In the seventh through tenth years following occupancy a total of 1000 additional jobs must be provided.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2005

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### COMMITMENTS AND CONTINGENCIES (continued)

##### Jointly Governed Organizations

The City, in conjunction with Bladen County, New Hanover County, Columbus County, Pender County and Brunswick County is a member of the Lower Cape Fear Water and Sewer Authority. The Water and Sewer Authority was formed to provide raw water to counties, municipalities and industrial customers in southeastern North Carolina. The Water and Sewer Authority is governed by a thirteen member Board appointed by the participating entities with the City represented by two members. The Water and Sewer Authority is not considered to be a joint venture under generally accepted accounting principles since the counties and municipalities do not retain an ongoing financial interest (i.e., an equity interest in either assets or liabilities) or responsibility.

The City has a financial obligation to the Water and Sewer Authority for water availability rights. The outstanding balance on the obligation at June 30, 2005 is \$22,158 and the obligation bears interest at approximately 6%. During the 2005 fiscal year, the City made principal and interest payments on the obligation of \$264,307. During the year ended June 30, 2005 the City purchased \$816,394 in raw water from the Water and Sewer Authority.

The City, in conjunction with Brunswick, Columbus and Pender Counties and the municipalities therein established the Cape Fear Council of Governments (Council). The Council was established for various purposes, but mainly to coordinate funding for federal and state assistance. Each participating government appoints a minimum of one member to the Council's board. The City paid fees of \$16,762 to the Council during the fiscal year ended June 30, 2005.

##### Related Organization

The nine-member Board of the Wilmington Housing Authority is appointed by the Mayor of the City of Wilmington. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Housing Authority. The City of Wilmington is also disclosed as a related organization in the Notes to Financial Statements for the Wilmington Housing Authority.

#### C. INTERFUND BALANCES AND ACTIVITY

The compositions of interfund balances as of June 30, 2005, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General Fund	Nonmajor governmental funds	\$ 318,860
Building Improvements Fund	Nonmajor governmental funds	8,501
Total		<u>\$ 327,361</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2005

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### C. INTERFUND BALANCES AND ACTIVITY (continued)

Advances from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
Water and Sewer Fund	Nonmajor governmental funds	<u>\$ 91,612</u>

Due to/from primary government and component unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
Component unit	Primary government - general fund	<u>\$ 199,843</u>

The outstanding balances are from time lags between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

The City uses transfers to 1) move revenues from the fund in which state statute or budget requires the revenues to be collected to the fund from which state statute or budget requires the funds to be expended, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected in various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers:

	General Fund	Building Improvements Fund	Nonmajor Governmental Funds	Solid Waste Management Fund	Internal Service Fund	Total	Governmental Activities Capital Assets
Transfers in	<u>\$ 851,318</u>	<u>\$ 3,587,589</u>	<u>\$ 14,194,402</u>	<u>\$ 401,606</u>	<u>\$ 76,522</u>	<u>\$ 19,111,437</u>	<u>\$ 83,120</u>
Transfers out:							
General Fund	\$ -	\$ 3,587,589	\$ 13,744,264	\$ 401,606	\$ -	\$ 17,733,459	\$ -
Nonmajor Governmental Funds	851,318	-	441,781	-	-	1,293,099	-
Internal Service Fund	-	-	-	-	-	-	83,120
Solid Waste Management Fund	-	-	-	-	76,522	76,522	-
Storm Water Management Fund	-	-	8,357	-	-	8,357	-
Total	<u>\$ 851,318</u>	<u>\$ 3,587,589</u>	<u>\$ 14,194,402</u>	<u>\$ 401,606</u>	<u>\$ 76,522</u>	<u>\$ 19,111,437</u>	<u>\$ 83,120</u>
Transfers out:							
Governmental Activities Capital Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,264</u>	<u>\$ 84,264</u>	

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2005**

### **NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

#### **C. INTERFUND BALANCES AND ACTIVITY (continued)**

In the fund financial statements, total transfers in of \$19,111,437 are less than total transfers out of \$19,194,557 because of the treatment of transfers of capital assets to general government capital assets. During the year, existing capital assets related to internal service funds, with a net book value of \$83,120, were transferred to general government capital assets. Capital assets with a net book value of \$84,264 were contributed from general government capital assets to the internal service funds. Also, existing capital assets related to proprietary funds, with a book value of \$76,522, were transferred to the internal service funds. No amounts were reported in the governmental funds, as the amounts did not involve the transfer of financial resources. However, the internal service funds did report transfers in for the capital resources received from proprietary funds and capital contributions for the capital resources received from governmental funds.

#### **D. PRIOR PERIOD ADJUSTMENT**

During the fiscal year ended June 30, 2004 the State of North Carolina changed the distribution method for local option sales taxes that it collects on behalf of local governments. These taxes are now distributed on a monthly rather than quarterly basis. Taxes on sales for the month of June 2004 were distributed by the State on or around September 15, 2004. In addition, the State collects utility franchise taxes, piped natural gas taxes and telecommunications taxes and distributes them on a quarterly basis. The taxes for the quarter ended June 30, 2004 were distributed on or around September 15, 2004.

In accordance with GASB Statement No. 33, all of these items are considered to be revenues as of year-end. The City has decided to consider these distributions as revenues available for payment of current liabilities if collected within 90 days after year-end. The City had previously considered these payments as revenues if collected within 60 days of year-end.

The September 15, 2004 distribution of these taxes has been recognized as revenues for the year ended June 30, 2004. If this policy had been in effect for the year ended June 30, 2003, ending fund balance of the General Fund would have been \$31,846,838, which is \$1,739,909 higher than was previously reported. The beginning fund balance of the General Fund for the year beginning July 1, 2003 has been restated to reflect the change.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2005

### NOTE 5 - DEFERRED/UNEARNED REVENUES

The balance in deferred revenues on the fund statements and unearned revenues on the government-wide statement of net assets at June 30, 2005 is summarized as follows:

	Governmental Funds			Net Assets
	General Fund	Special Revenue Funds	Total	
Taxes receivable, net	\$ 1,072,537	\$ -	\$ 1,072,537	\$ 17,084
Notes and accounts receivable	337,725	190,258	527,983	-
Special assessments receivable	28,663	-	28,663	-
Customer advances	-	127	127	127
Intergovernmental grant advances	-	69,878	69,878	69,878
	<u>\$ 1,438,925</u>	<u>\$ 260,263</u>	<u>\$ 1,699,188</u>	<u>\$ 87,089</u>

### NOTE 6 - RISK MANAGEMENT

The City and the Authority are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; natural disasters; errors and omissions. The City has chosen to establish a risk financing fund for risks associated with the employee's health insurance plan and workers' compensation coverage. The risk financing fund is accounted for in the general fund where assets are set aside for claim settlements. Premiums are paid into the general fund by other funds that incur claims and are available to pay claims, claim reserves and administrative costs of the programs. These interfund premiums are used to reduce the amount of claims expenditures reported in the general fund. As of June 30, 2005, such interfund premiums did not exceed reimbursable expenditures.

The Authority participates in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the Authority obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, workers' compensation coverage up to the statutory limits. The pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage, and single occurrence losses of \$350,000 for workers' compensation.

The City and the Authority carry commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2005

### NOTE 6 - RISK MANAGEMENT (continued)

Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	2004	2005
Medical Self-Insurance Program:		
Unpaid claims, beginning	\$ 825,360	\$ 595,102
Incurred claims (including IBNRs)	5,321,856	6,172,090
Claim payments	(5,552,114)	(6,060,286)
Unpaid claims, ending, due within one year	<u>\$ 595,102</u>	<u>\$ 706,906</u>
Workers' Compensation Self-Insurance Program:		
Unpaid claims, beginning	\$ 713,051	\$ 561,493
Incurred claims (including IBNRs)	467,410	476,715
Claim payments	(618,968)	(835,021)
Unpaid claims, ending, due within one year	<u>\$ 561,493</u>	<u>\$ 203,187</u>

### NOTE 7 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

#### A. LITIGATION

The City is a party to a number of civil lawsuits and other legal actions, including a number of actions where the City's defense is being handled by the City's insurance carrier and any potential losses should be limited to the insurance policies' deductibles. There are also several claims for damages that have not yet resulted in litigation. In the opinion of the City attorney and management, the ultimate outcome of these claims is not expected to have a significant impact on the City's financial position.

#### B. FEDERAL AND STATE ASSISTED PROGRAMS

The City has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial.

#### C. UNDERGROUND STORAGE TANK REMOVAL PROGRAM

The City has completed a program to remove and replace all underground storage tanks not in full compliance with current environmental regulations. Remedial action, including monitoring for pollutants, is continuing at three sites as of June 30, 2005. In the opinion of the City attorney, any future actions required to be taken at these sites should not result in costs, which, in the aggregate, would have a material adverse effect on the City's financial statements.



# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2005**

### **NOTE 7 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES (continued)**

#### **D. RED-LIGHT CAMERA PROCEEDS**

The New Hanover County Board of Education (Board) has demanded that the City pay to the Board the proceeds from civil citations issued for red-light violations at camera controlled intersections over the last three years. The amount is estimated to be approximately \$2,061,000. The claim is based on a law suit against the City of High Point that is currently on appeal. The City asserts legal rights to the proceeds and has refused the demand for payment.

#### **E. ROOM OCCUPANCY TAXES**

A 3% room occupancy tax was levied by the City of Wilmington in February 2003 pursuant to state enabling legislation. The funds may be used only for the construction and operation of a convention center facility. In May 2005, in accordance with the legislation, the New Hanover County Tourism Development Authority determined that the City had met the initial requirements for release of the tax revenue. A secondary requirement of the legislation is that a convention facility must be under construction by the end of February 2007. If this has not occurred, the City is obligated to return any unspent or uncommitted funds received. For the year ending June 30, 2005, the City recognized \$3,551,896 in tax revenue as result of the tax levy.

### **NOTE 8 - SUBSEQUENT EVENTS**

In October 2005 the City issued \$52,840,000 in Water and Sewer revenue bonds to fund the construction of various facilities. The interest rates on the bonds range from 3.00% to 5% with the final maturity on June 1, 2034. Debt service payments are scheduled semiannually at amounts that range from \$1,559,410 to \$3,574,315.

Water and sewer refunding bonds in amount of \$9,560,000 were issued in October 2005. These bonds refunded \$9,235,000 in Series 1999 revenue bonds with net present savings of \$407,963. The interest rate on the refunding bonds ranges from 3.00% to 5% with the final maturity on June 1, 2019. Debt service payments are scheduled semiannually at amounts that range from \$482,294 to \$1,297,375.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF WILMINGTON, NORTH CAROLINA**

**Law Enforcement Officers' Special Separation Allowance  
Required Supplementary Information  
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12-31-95	\$ 496,040	\$ 1,081,384	\$ 585,344	45.87	4,919,031	11.90 %
12-31-96	564,385	1,190,047	625,662	47.43	5,159,563	12.13
12-31-97	616,174	1,354,681	738,507	45.48	5,538,613	13.33
12-31-98	531,500	1,518,641	987,141	35.00	6,221,505	15.87
12-31-99	510,000	1,595,807	1,085,807	31.96	7,613,564	14.26
12-31-00	430,005	2,181,126	1,751,121	19.71	8,282,301	21.14
12-31-01	470,152	2,312,294	1,842,142	20.33	8,728,050	21.11
12-31-02	515,998	2,171,141	1,655,143	23.77	8,755,071	18.90
12-31-03	548,103	2,581,657	2,033,554	21.23	9,471,632	21.47
12-31-04	550,848	2,622,109	2,071,261	21.01	9,267,628	22.35

**CITY OF WILMINGTON, NORTH CAROLINA**

**Law Enforcement Officers' Special Separation Allowance  
Required Supplementary Information  
Schedule of Employer Contributions**

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contribution</u>
1996	\$ 107,235	108.2 %
1997	111,937	134.0
1998	112,623	157.2
1999	124,699	69.4
2000	153,384	78.2
2001	175,293	114.1
2002	231,190	97.5
2003	247,189	91.2
2004	239,035	99.6
2005	279,828	89.6

**Notes to the Required Schedules:**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12-31-2004
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	26 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	5.9% to 9.8%
*Includes inflation at	3.75%
Cost-of living adjustments	None

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Balance Sheet -  
Nonmajor Governmental Funds**

**June 30, 2005**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,520,215	\$ 11,819,021	\$ 4,452,276	\$ 23,791,512
Other receivables	104,769	-	-	104,769
Due from other governments	630,830	374,505	-	1,005,335
Notes receivable	<u>11,855,423</u>	<u>-</u>	<u>-</u>	<u>11,855,423</u>
 Total assets	 <u>\$ 20,111,237</u>	 <u>\$ 12,193,526</u>	 <u>\$ 4,452,276</u>	 <u>\$ 36,757,039</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 230,858	\$ 183,114	\$ -	\$ 413,972
Due to other funds	318,860	100,113	-	418,973
Accrued liabilities	975	-	-	975
Customer and escrow deposits	217,395	-	-	217,395
Deferred revenues	<u>260,263</u>	<u>-</u>	<u>-</u>	<u>260,263</u>
 Total liabilities	 <u>1,028,351</u>	 <u>283,227</u>	 <u>-</u>	 <u>1,311,578</u>
Fund balances:				
Reserved for encumbrances	10,898	1,504,777	-	1,515,675
Reserved by State statute	630,830	374,505	-	1,005,335
Reserved for loans	13,377,665	-	-	13,377,665
Reserved for firemen's relief	120,558	-	-	120,558
Reserved for capital projects	-	10,031,017	-	10,031,017
Reserved for debt service	-	-	4,452,276	4,452,276
Reserved for convention center facility	3,035,500	-	-	3,035,500
Unreserved and undesignated	<u>1,907,435</u>	<u>-</u>	<u>-</u>	<u>1,907,435</u>
 Total fund balances	 <u>19,082,886</u>	 <u>11,910,299</u>	 <u>4,452,276</u>	 <u>35,445,461</u>
 Total liabilities and fund balances	 <u>\$ 20,111,237</u>	 <u>\$ 12,193,526</u>	 <u>\$ 4,452,276</u>	 <u>\$ 36,757,039</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Balance Sheet -  
Nonmajor Special Revenue Funds**

**June 30, 2005**

	Special Purpose Fund	Community Development Fund	Home Investment Partnership Fund	Rental Rehabilitation Loan Fund	Commercial Loan Fund	UDAG Loan Fund	Rehabilitation Loan Fund
<b>ASSETS</b>							
Cash and cash equivalents	\$ 5,541,469	\$ -	\$ -	\$ 498,124	\$ -	\$ -	\$ 677,072
Other receivables	-	-	-	-	-	-	-
Due from other governments	168,140	264,268	198,422	-	-	-	-
Notes receivable	-	-	-	139,926	719,053	403,029	3,104,686
<b>Total assets</b>	<u>\$ 5,709,609</u>	<u>\$ 264,268</u>	<u>\$ 198,422</u>	<u>\$ 638,050</u>	<u>\$ 719,053</u>	<u>\$ 403,029</u>	<u>\$ 3,781,758</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 53,966	\$ 143,830	\$ -	\$ 250	\$ -	\$ -	\$ 9,509
Due to other funds	-	120,438	198,422	-	-	-	-
Accrued liabilities	975	-	-	-	-	-	-
Customer and escrow deposits	-	-	-	20,173	-	-	11,186
Deferred revenues	70,005	-	-	-	17,084	-	-
<b>Total liabilities</b>	<u>124,946</u>	<u>264,268</u>	<u>198,422</u>	<u>20,423</u>	<u>17,084</u>	<u>-</u>	<u>20,695</u>
Fund balances:							
Reserved for encumbrances	10,898	-	-	-	-	-	-
Reserved by State statute	168,140	264,268	198,422	-	-	-	-
Reserved for loans	-	-	-	617,627	701,969	403,029	3,761,063
Reserved for firemen's relief	-	-	-	-	-	-	-
Reserved for convention center facility	3,035,500	-	-	-	-	-	-
Unreserved and undesignated (deficit)	2,370,125	(264,268)	(198,422)	-	-	-	-
<b>Total fund balances</b>	<u>5,584,663</u>	<u>-</u>	<u>-</u>	<u>617,627</u>	<u>701,969</u>	<u>403,029</u>	<u>3,761,063</u>
<b>Total liabilities and fund balances</b>	<u>\$ 5,709,609</u>	<u>\$ 264,268</u>	<u>\$ 198,422</u>	<u>\$ 638,050</u>	<u>\$ 719,053</u>	<u>\$ 403,029</u>	<u>\$ 3,781,758</u>

CDBG HOP Loan Fund	GF HOP Loan Fund	Home Loan Fund	Economic Development Loan Fund	CHDO Proceeds Fund	Firemen's Relief Fund	Firemen's Benefit Fund	Total Nonmajor Special Revenue Funds
\$ 518	\$ 304,618	\$ -	\$ 280,652	\$ 199,202	\$ 14,995	\$ 3,565	\$ 7,520,215
-	-	-	-	-	104,769	-	104,769
-	-	-	-	-	-	-	630,830
<u>1,557,503</u>	<u>2,614,423</u>	<u>3,169,307</u>	<u>147,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,855,423</u>
<u>\$ 1,558,021</u>	<u>\$ 2,919,041</u>	<u>\$ 3,169,307</u>	<u>\$ 428,148</u>	<u>\$ 199,202</u>	<u>\$ 119,764</u>	<u>\$ 3,565</u>	<u>\$ 20,111,237</u>
\$ 116	\$ 220	\$ -	\$ 5,103	\$ 15,093	\$ -	\$ 2,771	\$ 230,858
-	-	-	-	-	-	-	318,860
-	-	-	-	-	-	-	975
402	1,525	-	-	184,109	-	-	217,395
<u>-</u>	<u>-</u>	<u>-</u>	<u>173,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,263</u>
<u>518</u>	<u>1,745</u>	<u>-</u>	<u>178,277</u>	<u>199,202</u>	<u>-</u>	<u>2,771</u>	<u>1,028,351</u>
-	-	-	-	-	-	-	10,898
-	-	-	-	-	-	-	630,830
1,557,503	2,917,296	3,169,307	249,871	-	-	-	13,377,665
-	-	-	-	-	119,764	794	120,558
-	-	-	-	-	-	-	3,035,500
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,907,435</u>
<u>1,557,503</u>	<u>2,917,296</u>	<u>3,169,307</u>	<u>249,871</u>	<u>-</u>	<u>119,764</u>	<u>794</u>	<u>19,082,886</u>
<u>\$ 1,558,021</u>	<u>\$ 2,919,041</u>	<u>\$ 3,169,307</u>	<u>\$ 428,148</u>	<u>\$ 199,202</u>	<u>\$ 119,764</u>	<u>\$ 3,565</u>	<u>\$ 20,111,237</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Balance Sheet -  
Nonmajor Capital Projects Funds**

**June 30, 2005**

	Streets and Sidewalks Fund	Parks and Recreation Fund	Public Improvements Fund	Total Nonmajor Capital Projects Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,907,399	\$ 2,317,842	\$ 593,780	\$ 11,819,021
Due from other governments	<u>365,669</u>	<u>8,836</u>	<u>-</u>	<u>374,505</u>
Total assets	<u><u>\$ 9,273,068</u></u>	<u><u>\$ 2,326,678</u></u>	<u><u>\$ 593,780</u></u>	<u><u>\$ 12,193,526</u></u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 163,259	\$ 15,875	\$ 3,980	\$ 183,114
Due to other funds	<u>8,501</u>	<u>-</u>	<u>91,612</u>	<u>100,113</u>
Total liabilities	<u>171,760</u>	<u>15,875</u>	<u>95,592</u>	<u>283,227</u>
Fund balances:				
Reserved for encumbrances	1,310,355	181,012	13,410	1,504,777
Reserved by State statute	365,669	8,836	-	374,505
Reserved for capital projects	<u>7,425,284</u>	<u>2,120,955</u>	<u>484,778</u>	<u>10,031,017</u>
Total fund balances	<u>9,101,308</u>	<u>2,310,803</u>	<u>498,188</u>	<u>11,910,299</u>
Total liabilities and fund balances	<u><u>\$ 9,273,068</u></u>	<u><u>\$ 2,326,678</u></u>	<u><u>\$ 593,780</u></u>	<u><u>\$ 12,193,526</u></u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Governmental Funds**

**Year Ended June 30, 2005**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:				
Room occupancy tax	\$ 3,035,500	\$ -	\$ -	\$ 3,035,500
Restricted intergovernmental	3,643,027	349,527	-	3,992,554
Investment earnings	114,708	200,822	21,440	336,970
Donations	-	60,484	-	60,484
Miscellaneous	1,165,923	92,950	-	1,258,873
Total revenues	<u>7,959,158</u>	<u>703,783</u>	<u>21,440</u>	<u>8,684,381</u>
Expenditures:				
General government	-	89,143	-	89,143
Public safety	569,074	-	-	569,074
Transportation	1,287,728	1,675,882	-	2,963,610
Economic and physical development	1,625,788	-	-	1,625,788
Cultural and recreational	48,845	1,394,256	-	1,443,101
Debt service:				
Principal retirement	-	-	4,585,416	4,585,416
Interest and other charges	-	-	2,131,877	2,131,877
Total expenditures	<u>3,531,435</u>	<u>3,159,281</u>	<u>6,717,293</u>	<u>13,408,009</u>
Excess of revenues over (under) expenditures	<u>4,427,723</u>	<u>(2,455,498)</u>	<u>(6,695,853)</u>	<u>(4,723,628)</u>
Other financing sources (uses):				
Transfers from other funds	757,602	2,436,800	11,000,000	14,194,402
Transfers to other funds	(1,293,099)	-	-	(1,293,099)
Issuance of installment obligations	-	-	8,285,000	8,285,000
Premium on installment obligations	-	-	398,236	398,236
Payment to redeem outstanding installment obligations	-	-	(8,535,107)	(8,535,107)
Total other financing sources (uses)	<u>(535,497)</u>	<u>2,436,800</u>	<u>11,148,129</u>	<u>13,049,432</u>
Net change in fund balances	3,892,226	(18,698)	4,452,276	8,325,804
Fund balances at beginning of year	<u>15,190,660</u>	<u>11,928,997</u>	<u>-</u>	<u>27,119,657</u>
Fund balances at end of year	<u>\$ 19,082,886</u>	<u>\$ 11,910,299</u>	<u>\$ 4,452,276</u>	<u>\$ 35,445,461</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Special Revenue Funds**

**Year Ended June 30, 2005**

	Special Purpose Fund	Community Development Fund	Home Investment Partnership Fund	Rental Rehabilitation Loan Fund	Commercial Loan Fund	UDAG Loan Fund	Rehabilitation Loan Fund
Revenues:							
Room occupancy tax	\$ 3,035,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	2,021,414	1,222,121	399,492	-	-	-	-
Investment earnings	39,260	-	-	12,906	-	18,424	7,830
Miscellaneous	<u>1,055,305</u>	<u>-</u>	<u>226</u>	<u>580</u>	<u>-</u>	<u>-</u>	<u>1,064</u>
Total revenues	<u>6,151,479</u>	<u>1,222,121</u>	<u>399,718</u>	<u>13,486</u>	<u>-</u>	<u>18,424</u>	<u>8,894</u>
Expenditures:							
Public safety	469,596	-	-	-	-	-	-
Transportation	1,287,728	-	-	-	-	-	-
Economic and physical development	178,174	1,114,340	288,124	580	-	30,000	12,303
Cultural and recreational	<u>48,845</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,984,343</u>	<u>1,114,340</u>	<u>288,124</u>	<u>580</u>	<u>-</u>	<u>30,000</u>	<u>12,303</u>
Excess of revenues over (under) expenditures	<u>4,167,136</u>	<u>107,781</u>	<u>111,594</u>	<u>12,906</u>	<u>-</u>	<u>(11,576)</u>	<u>(3,409)</u>
Other financing sources (uses):							
Transfers from other funds	247,621	9,577	85,987	-	-	-	-
Transfers to other funds	<u>(783,118)</u>	<u>(117,358)</u>	<u>(197,581)</u>	<u>(3,718)</u>	<u>(5,859)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(535,497)</u>	<u>(107,781)</u>	<u>(111,594)</u>	<u>(3,718)</u>	<u>(5,859)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,631,639	-	-	9,188	(5,859)	(11,576)	(3,409)
Fund balances at beginning of year	<u>1,953,024</u>	<u>-</u>	<u>-</u>	<u>608,439</u>	<u>707,828</u>	<u>414,605</u>	<u>3,764,472</u>
Fund balances at end of year	<u>\$ 5,584,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 617,627</u>	<u>\$ 701,969</u>	<u>\$ 403,029</u>	<u>\$ 3,761,063</u>

CDBG HOP Loan Fund	GF HOP Loan Fund	Home Loan Fund	Economic Development Loan Fund	CHDO Proceeds Fund	Firemen's Relief Fund	Firemen's Benefit Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,035,500
-	-	-	-	-	-	-	3,643,027
912	12,385	8,035	13,592	-	1,364	-	114,708
<u>-</u>	<u>799</u>	<u>2,780</u>	<u>400</u>	<u>-</u>	<u>104,769</u>	<u>-</u>	<u>1,165,923</u>
<u>912</u>	<u>13,184</u>	<u>10,815</u>	<u>13,992</u>	<u>-</u>	<u>106,133</u>	<u>-</u>	<u>7,959,158</u>
-	-	-	-	-	-	99,478	569,074
-	-	-	-	-	-	-	1,287,728
28	1,255	984	-	-	-	-	1,625,788
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,845</u>
<u>28</u>	<u>1,255</u>	<u>984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,478</u>	<u>3,531,435</u>
<u>884</u>	<u>11,929</u>	<u>9,831</u>	<u>13,992</u>	<u>-</u>	<u>106,133</u>	<u>(99,478)</u>	<u>4,427,723</u>
117,358	-	197,581	-	-	-	99,478	757,602
<u>-</u>	<u>-</u>	<u>(85,987)</u>	<u>-</u>	<u>-</u>	<u>(99,478)</u>	<u>-</u>	<u>(1,293,099)</u>
<u>117,358</u>	<u>-</u>	<u>111,594</u>	<u>-</u>	<u>-</u>	<u>(99,478)</u>	<u>99,478</u>	<u>(535,497)</u>
118,242	11,929	121,425	13,992	-	6,655	-	3,892,226
<u>1,439,261</u>	<u>2,905,367</u>	<u>3,047,882</u>	<u>235,879</u>	<u>-</u>	<u>113,109</u>	<u>794</u>	<u>15,190,660</u>
<u>\$ 1,557,503</u>	<u>\$ 2,917,296</u>	<u>\$ 3,169,307</u>	<u>\$ 249,871</u>	<u>\$ -</u>	<u>\$ 119,764</u>	<u>\$ 794</u>	<u>\$ 19,082,886</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Capital Projects Funds**

**Year Ended June 30, 2005**

	Streets and Sidewalks Fund	Parks and Recreation Fund	Public Improvements Fund	Total Nonmajor Capital Projects Funds
Revenues:				
Restricted intergovernmental	\$ 349,527	\$ -	\$ -	\$ 349,527
Investment earnings	147,895	42,331	10,596	200,822
Donations	60,484	-	-	60,484
Miscellaneous	<u>92,950</u>	<u>-</u>	<u>-</u>	<u>92,950</u>
Total revenues	<u>650,856</u>	<u>42,331</u>	<u>10,596</u>	<u>703,783</u>
Expenditures:				
General government	-	-	89,143	89,143
Transportation	1,673,132	-	2,750	1,675,882
Cultural and recreational	<u>-</u>	<u>1,394,256</u>	<u>-</u>	<u>1,394,256</u>
Total expenditures	<u>1,673,132</u>	<u>1,394,256</u>	<u>91,893</u>	<u>3,159,281</u>
Excess of expenditures over revenues	<u>(1,022,276)</u>	<u>(1,351,925)</u>	<u>(81,297)</u>	<u>(2,455,498)</u>
Other financing sources:				
Transfers from other funds	<u>1,861,800</u>	<u>575,000</u>	<u>-</u>	<u>2,436,800</u>
Net change in fund balances	839,524	(776,925)	(81,297)	(18,698)
Fund balances at beginning of year	<u>8,261,784</u>	<u>3,087,728</u>	<u>579,485</u>	<u>11,928,997</u>
Fund balances at end of year	<u>\$ 9,101,308</u>	<u>\$ 2,310,803</u>	<u>\$ 498,188</u>	<u>\$ 11,910,299</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Changes in Long-term Liabilities -  
Enterprise Funds**

**Year Ended June, 30 2005**

	<u>July 1, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2005</u>
Water and Sewer Fund:				
General obligation bonds	\$ 32,527,698	\$ -	\$ 2,893,225	\$ 29,634,473
Revenue bonds	19,351,017	-	932,601	18,418,416
Other long-term obligations	279,165	-	257,007	22,158
Accrued vacation and sick leave	<u>671,427</u>	<u>578,736</u>	<u>570,511</u>	<u>679,652</u>
	<u>52,829,307</u>	<u>578,736</u>	<u>4,653,344</u>	<u>48,754,699</u>
Ground Water Utility Fund:				
Installment obligations	20,335,000	-	615,000	19,720,000
Accrued vacation and sick leave	<u>21,265</u>	<u>44,936</u>	<u>33,793</u>	<u>32,408</u>
	<u>20,356,265</u>	<u>44,936</u>	<u>648,793</u>	<u>19,752,408</u>
Solid Waste Management Fund:				
Accrued vacation and sick leave	<u>198,124</u>	<u>219,526</u>	<u>242,397</u>	<u>175,253</u>
Storm Water Management Fund:				
General obligation bonds	4,392,348	-	428,522	3,963,826
Installment obligations	-	1,465,000	-	1,465,000
Accrued vacation and sick leave	<u>154,196</u>	<u>182,513</u>	<u>174,740</u>	<u>161,969</u>
	<u>4,546,544</u>	<u>1,647,513</u>	<u>603,262</u>	<u>5,590,795</u>
Golf Fund:				
Other long-term obligations	47,882	-	23,612	24,270
Accrued vacation and sick leave	<u>25,122</u>	<u>29,697</u>	<u>32,193</u>	<u>22,626</u>
	<u>73,004</u>	<u>29,697</u>	<u>55,805</u>	<u>46,896</u>
Parking Facilities Fund:				
Installment obligations	9,232,190	-	166,432	9,065,758
Other long-term obligations	896,320	-	167,385	728,935
Accrued vacation and sick leave	<u>1,051</u>	<u>4,979</u>	<u>4,973</u>	<u>1,057</u>
	<u>10,129,561</u>	<u>4,979</u>	<u>338,790</u>	<u>9,795,750</u>
	<u>\$ 88,132,805</u>	<u>\$ 2,525,387</u>	<u>\$ 6,542,391</u>	<u>\$ 84,115,801</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Net Assets -  
Cape Fear Public Transportation Authority  
(A Discretely Presented Component Unit)**

**June 30, 2005**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 17,468
Due from other governments	51,960
Due from primary government	199,843
Inventory of materials and supplies	<u>74,165</u>

Total current assets	<u>343,436</u>
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Capital assets:

Land	26,070
Buildings and improvements	539,547
Buses	6,542,459
Other vehicles	897,565
Furniture, fixtures, machinery and equipment	810,668
Less accumulated depreciation	<u>(2,767,619)</u>

Total capital assets, net of accumulated depreciation	<u>6,048,690</u>
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Total assets	<u>6,392,126</u>
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**LIABILITIES**

Current liabilities:

Accounts payable and accrued expenses	54,094
Due to management company	<u>266,505</u>

Total current liabilities	<u>320,599</u>
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**NET ASSETS**

Invested in capital assets	6,048,690
Unrestricted	<u>22,837</u>

Net assets	<u>\$ 6,071,527</u>
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**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Revenues, Expenses and Changes in Fund Net Assets -  
Cape Fear Public Transportation Authority  
(A Discretely Presented Component Unit)**

**Year Ended June 30, 2005**

Revenues:	
Charges for services	<u>\$ 753,047</u>
Operating expenses:	
Labor	2,003,924
Fringe benefits	736,708
Materials and supplies	734,740
Purchased services	915,116
Utilities	53,373
Insurance	90,169
Taxes and licenses	2,583
Miscellaneous	55,546
Taxicab and leases	11,146
Depreciation	<u>789,762</u>
Total operating expenses	<u>5,393,067</u>
Operating loss	(4,640,020)
Nonoperating revenue:	
Operating grant	16,956
Operating subsidy from primary government	2,835,153
Operating subsidy from other governments	<u>998,149</u>
Total nonoperating revenues	<u>3,850,258</u>
Loss before capital contributions	(789,762)
Capital contributions	<u>1,093,221</u>
Change in net assets	303,459
Net assets at beginning of year	<u>5,768,068</u>
Net assets at end of year	<u>\$ 6,071,527</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Cash Flows -  
Cape Fear Public Transportation Authority  
(A Discretely Presented Component Unit)**

**Year Ended June 30, 2005**

Cash flows from operating activities:	
Receipts from customers and users	\$ 713,408
Payments to suppliers	(1,122,077)
Payments to or on behalf of employees	<u>(3,595,797)</u>
Net cash used in operating activities	<u>(4,004,466)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>5,437</u>
Cash flows from noncapital and related financing activities:	
Advances from primary government	116,224
Operating grant	16,956
Operating subsidy from primary government	2,835,153
Operating subsidy from other governments	<u>998,149</u>
Net cash provided by noncapital and related financing activities	<u>3,966,482</u>
Net increase in cash and cash equivalents	(32,547)
Cash and cash equivalents at beginning of year	<u>50,015</u>
Cash and cash equivalents at end of year	<u><u>\$ 17,468</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (4,640,020)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	789,762
Changes in assets and liabilities:	
Due from other governments	(306,144)
Inventory of material and supplies	(39,403)
Prepaid expenses	63,359
Due to management company	344,653
Accounts payable and accrued liabilities	<u>(216,673)</u>
Net cash used in operating activities	<u><u>\$ (4,004,466)</u></u>
Supplemental disclosure of noncash investing, capital and related financing activities:	
Contribution of capital assets	\$ 1,093,221

**CITY OF WILMINGTON, NORTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**Year Ended June 30, 2005  
With Comparative Actual Amounts for Year Ended June 30, 2004**

	2005		Variance Positive (Negative)	2004 Actual
	Budget	Actual		
Revenues:				
Ad valorem taxes:				
Current year	\$ 38,204,360	\$ 38,704,343	\$ 499,983	\$ 38,520,774
Prior years	665,000	708,084	43,084	766,963
Penalties and interest	125,000	176,703	51,703	174,506
Total	<u>38,994,360</u>	<u>39,589,130</u>	<u>594,770</u>	<u>39,462,243</u>
Other taxes:				
Local option sales tax	12,818,470	14,799,445	1,980,975	13,554,544
Franchise tax	4,500,000	4,580,235	80,235	4,389,563
Rental vehicle tax	140,000	161,076	21,076	145,573
Total	<u>17,458,470</u>	<u>19,540,756</u>	<u>2,082,286</u>	<u>18,089,680</u>
Unrestricted intergovernmental:				
Beer and wine	336,000	410,176	74,176	392,787
ABC revenue	475,000	646,008	171,008	622,896
Court fees	50,000	69,829	19,829	68,559
Total	<u>861,000</u>	<u>1,126,013</u>	<u>265,013</u>	<u>1,084,242</u>
Restricted intergovernmental:				
Powell bill	2,650,000	2,795,336	145,336	2,502,935
Categorical grants:				
Transportation	1,696,672	1,619,890	(76,782)	1,167,114
Hurricane disaster assistance	-	70,725	70,725	133,563
Other	267,166	236,201	(30,965)	236,640
Total	<u>4,613,838</u>	<u>4,722,152</u>	<u>108,314</u>	<u>4,040,252</u>
Licenses and permits:				
Privilege licenses	1,150,000	1,489,476	339,476	1,267,780
Motor vehicle licenses	305,000	355,895	50,895	340,415
CATV fees	1,000,000	1,230,419	230,419	1,012,035
Other permits and fees	110,000	159,896	49,896	135,126
Total	<u>2,565,000</u>	<u>3,235,686</u>	<u>670,686</u>	<u>2,755,356</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**Year Ended June 30, 2005  
With Comparative Actual Amounts for Year Ended June 30, 2004**

	2005		Variance	2004
	Budget	Actual	Positive (Negative)	Actual
Revenues: (continued)				
Sales and services:				
Parking collections	\$ -	\$ 780	\$ 780	\$ 795
Charges to water and sewer	1,264,100	1,345,330	81,230	1,264,100
Charges to storm water	550,000	550,000	-	550,000
Charges to ground water	25,750	25,750	-	25,750
Charges to community development	424,600	425,795	1,195	349,600
Charges to home program	80,000	50,031	(29,969)	50,000
Charges to special purpose	60,000	-	(60,000)	6,022
Charges to solid waste	447,212	447,212	-	447,212
Charges to golf course	75,080	75,080	-	75,080
Charges to parking facilities	29,000	29,000	-	29,000
Recreation department sales and service	449,760	425,881	(23,879)	426,800
Other departmental charges	683,650	833,396	149,746	800,534
Central services charges	51,500	38,365	(13,135)	46,616
Total	<u>4,140,652</u>	<u>4,246,620</u>	<u>105,968</u>	<u>4,071,509</u>
Fines and forfeits:				
Fire code violations	-	6,760	6,760	6,056
False alarm citations	20,000	-	(20,000)	-
Civil citations	103,650	61,008	(42,642)	36,600
Total	<u>123,650</u>	<u>67,768</u>	<u>(55,882)</u>	<u>42,656</u>
Interest earnings:				
Investment earnings	427,000	646,175	219,175	316,033
Interest on liens	-	3,648	3,648	7,169
Total	<u>427,000</u>	<u>649,823</u>	<u>222,823</u>	<u>323,202</u>
Miscellaneous:				
Sale of real estate, equipment and material	-	11,669	11,669	21,619
Rents	110,000	105,175	(4,825)	104,300
Other	59,693	25,636	(34,057)	16,398
Total	<u>169,693</u>	<u>142,480</u>	<u>(27,213)</u>	<u>142,317</u>
Total revenues	<u>69,353,663</u>	<u>73,320,428</u>	<u>3,966,765</u>	<u>70,011,457</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**Year Ended June 30, 2005  
With Comparative Actual Amounts for Year Ended June 30, 2004**

	2005		Variance Positive (Negative)	2004 Actual
	Budget	Actual		
Expenditures:				
General government:				
City Council and Clerk	\$ 325,430	\$ 315,136	\$ 10,294	\$ 316,544
City Manager	1,312,293	1,300,761	11,532	1,177,819
City Attorney	626,684	615,238	11,446	587,332
Human Resource Management	626,821	619,921	6,900	602,522
Finance	3,088,335	2,917,154	171,181	3,000,859
Information Technology Services	2,219,091	2,114,110	104,981	1,242,281
Development Services	3,238,635	3,105,605	133,030	3,211,322
Public Services	1,934,342	1,847,011	87,331	1,898,690
Contributions to other agencies	162,962	160,619	2,343	164,577
Nondepartmental	1,883,606	1,412,292	471,314	1,687,471
Total	<u>15,418,199</u>	<u>14,407,847</u>	<u>1,010,352</u>	<u>13,889,417</u>
Public safety:				
Police	18,693,341	18,089,419	603,922	18,161,700
Fire	<u>11,784,070</u>	<u>11,552,822</u>	<u>231,248</u>	<u>11,209,822</u>
Total	<u>30,477,411</u>	<u>29,642,241</u>	<u>835,170</u>	<u>29,371,522</u>
Transportation:				
Traffic engineering	3,537,278	2,870,020	667,258	3,029,057
Streets	1,822,500	1,711,386	111,114	1,638,239
Storm water management fee	<u>1,368,740</u>	<u>1,368,740</u>	<u>-</u>	<u>1,144,925</u>
Total	<u>6,728,518</u>	<u>5,950,146</u>	<u>778,372</u>	<u>5,812,221</u>
Economic and physical development:				
Economic and community development	2,077,147	1,961,356	115,791	2,202,607
Contributions to other agencies	<u>1,151,756</u>	<u>570,312</u>	<u>581,444</u>	<u>389,650</u>
Total	<u>3,228,903</u>	<u>2,531,668</u>	<u>697,235</u>	<u>2,592,257</u>
Cultural and recreational:				
Parks and recreation	4,606,236	4,315,452	290,784	4,108,325
Contributions to other agencies	<u>196,200</u>	<u>196,200</u>	<u>-</u>	<u>209,175</u>
Total	<u>4,802,436</u>	<u>4,511,652</u>	<u>290,784</u>	<u>4,317,500</u>
Transit system:				
Cape Fear Public Transportation Authority	<u>2,905,506</u>	<u>2,835,153</u>	<u>70,353</u>	<u>2,114,212</u>
Hurricane disaster recovery	<u>1,000,000</u>	<u>899,162</u>	<u>100,838</u>	<u>-</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**Year Ended June 30, 2005  
With Comparative Actual Amounts for Year Ended June 30, 2004**

	<u>2005</u>		<u>Variance Positive (Negative)</u>	<u>2004 Actual</u>
	<u>Budget</u>	<u>Actual</u>		
Expenditures: (continued)				
Debt service:				
Principal retirement	\$ -	\$ -	\$ -	\$ 4,659,942
Interest and other charges	-	-	-	1,665,698
Other debt service	-	-	-	30,560
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,356,200</u>
Total expenditures	<u>64,560,973</u>	<u>60,777,869</u>	<u>3,783,104</u>	<u>64,453,329</u>
Excess of revenues over expenditures	<u>4,792,690</u>	<u>12,542,559</u>	<u>7,749,869</u>	<u>5,558,128</u>
Other financing sources (uses):				
Operating transfers - in:				
Special Purpose Fund	<u>828,469</u>	<u>851,318</u>	<u>22,849</u>	<u>674,469</u>
Operating transfers - out:				
Debt Service Fund	(11,000,000)	(11,000,000)	-	-
Special Purpose Fund	(239,264)	(239,264)	-	(146,713)
Streets and Sidewalks Fund	(1,930,000)	(1,930,000)	-	(1,272,717)
Parks and Recreation Fund	(575,000)	(575,000)	-	-
Building Improvements Fund	(3,587,589)	(3,587,589)	-	(4,064,000)
Solid Waste Management Fund	(401,606)	(401,606)	-	(412,223)
Total operating transfers - out	<u>(17,733,459)</u>	<u>(17,733,459)</u>	<u>-</u>	<u>(5,895,653)</u>
Issuance of refunding bonds	-	-	-	6,746,533
Payment to redeem outstanding bonds	-	-	-	(6,702,956)
Issuance of other long-term obligation	1,203,000	1,184,184	(18,816)	-
Appropriated fund balance	<u>10,909,300</u>	<u>-</u>	<u>(10,909,300)</u>	<u>-</u>
Total other financing uses	<u>(4,792,690)</u>	<u>(15,697,957)</u>	<u>(10,905,267)</u>	<u>(5,177,607)</u>
Net change in fund balance	<u>\$ -</u>	<u>(3,155,398)</u>	<u>\$ (3,155,398)</u>	<u>380,521</u>
Fund balance at beginning of year as previously reported		32,138,056		30,106,929
Prior period adjustment (Note 4 D.)		<u>-</u>		<u>1,739,909</u>
Fund balance at beginning of year as restated		32,138,056		31,846,838
Change in reserve for inventories		<u>(61,813)</u>		<u>(89,303)</u>
Fund balance at end of year		<u><u>\$ 28,920,845</u></u>		<u><u>\$ 32,138,056</u></u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Special Purpose Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**From Inception and Year Ended June 30, 2005**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Taxes:					
Room occupancy tax	\$ -	\$ -	\$ 3,035,500	\$ 3,035,500	\$ 3,035,500
Restricted intergovernmental:					
Federal grants	7,214,889	6,095,939	788,478	6,884,417	(330,472)
State grants	6,664,918	4,974,776	1,232,936	6,207,712	(457,206)
Other governments	115,492	57,968	-	57,968	(57,524)
Total restricted intergovernmental	13,995,299	11,128,683	2,021,414	13,150,097	(845,202)
Investment earnings	332,659	338,488	39,260	377,748	45,089
Miscellaneous revenues:					
Red light traffic cameras	1,947,000	1,874,082	987,690	2,861,772	914,772
Other program income	119,794	166,812	57,340	224,152	104,358
Donations	69,116	36,304	10,275	46,579	(22,537)
Sale of property	6,615	6,615	-	6,615	-
Total miscellaneous revenues	2,142,525	2,083,813	1,055,305	3,139,118	996,593
Total revenues	16,470,483	13,550,984	6,151,479	19,702,463	3,231,980
Expenditures:					
Public safety projects:					
Bulletproof Vest Partnership	117,112	99,240	17,541	116,781	331
Dreambuilders	66,975	-	54,071	54,071	12,904
Local Law Enforcement Block Grant	263,583	145,068	65,743	210,811	52,772
Streetwalkers Addiction Taskforce	80,000	-	59,446	59,446	20,554
Youth Fitness and Mentoring	80,837	15,324	21,337	36,661	44,176
Chamber of Commerce K-9	6,075	-	6,075	6,075	-
Child Safety Seats	5,000	-	4,635	4,635	365
Fireboat grant	500,000	-	-	-	500,000
Rankin After School Program	2,875	2,784	-	2,784	91
Kids Making It	85,090	60,000	-	60,000	25,090
Cop camp	5,400	4,121	585	4,706	694
Community gun violence prosecution	149,844	128,170	21,674	149,844	-
Kids and Families Making It	81,168	53,036	28,130	81,166	2
COPS Homeland Security overtime	59,988	17,643	32,679	50,322	9,666
Milkbone K-9	5,000	-	5,000	5,000	-
Federal Fire Act equipment	168,531	92,563	62,791	155,354	13,177
Homeland Security	21,739	-	21,165	21,165	574
Federal Forfeiture	912,160	788,234	60,269	848,503	63,657
North Carolina Drug Tax	215,201	193,488	8,455	201,943	13,258
Court Judgements	21,225	14,450	-	14,450	6,775
Project ASSIST	1,000	1,000	-	1,000	-
Total public safety	2,848,803	1,615,121	469,596	2,084,717	764,086

**CITY OF WILMINGTON, NORTH CAROLINA**

**Special Purpose Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**From Inception and Year Ended June 30, 2005**

	Grant Project	Actual			Variance
	Authorization	Prior	Current	Totals	Positive
		Years	Year	to Date	(Negative)
Expenditures:(continued)					
Transportation:					
Transportation demand coordinator	\$ 120,783	\$ 27,206	\$ 63,177	\$ 90,383	\$ 30,400
McMillan Avenue bike path	287,220	196,032	-	196,032	91,188
Red light traffic cameras	1,878,800	1,215,351	580,097	1,795,448	83,352
WTA bus purchase	4,798,400	4,798,400	-	4,798,400	-
WTA capital purchase	1,318,000	691,060	626,229	1,317,289	711
Transit capital purchases	233,446	193,079	18,225	211,304	22,142
Transit operating capital	40,093	25,887	-	25,887	14,206
NCDOT state maintenance	82,059	82,059	-	82,059	-
Total transportation	<u>8,758,801</u>	<u>7,229,074</u>	<u>1,287,728</u>	<u>8,516,802</u>	<u>241,999</u>
Economic and physical development projects:					
Brownfield Pilots Cooperative					
Agreement	300,000	275,623	19,079	294,702	5,298
Affordable housing program	1,035,000	482,404	154,151	636,555	398,445
Homeownership services	25,450	-	3,444	3,444	22,006
Dudley School	3,000	1,500	1,500	3,000	-
UDAG Income Projects	431,990	409,288	-	409,288	22,702
Trolley Station	3,716	2,123	-	2,123	1,593
Government Information Channel	<u>50,000</u>	<u>47,510</u>	<u>-</u>	<u>47,510</u>	<u>2,490</u>
Total economic and physical development	<u>1,849,156</u>	<u>1,218,448</u>	<u>178,174</u>	<u>1,396,622</u>	<u>452,534</u>
Cultural and recreational projects:					
Storm water outreach demonstration project	144,000	111,928	31,914	143,842	158
July Fourth celebration	5,000	3,566	-	3,566	1,434
Carousel restoration	1,720	1,461	65	1,526	194
Nautical festival	51,375	48,564	(98)	48,466	2,909
Greenfield Lake outreach	28,646	11,651	16,964	28,615	31
Wilmington railroad caboose	4,713	-	-	-	4,713
Wilmington railroad pavilion	85,500	-	-	-	85,500
Bicycle Advisory	<u>6,150</u>	<u>4,370</u>	<u>-</u>	<u>4,370</u>	<u>1,780</u>
Total cultural and recreational	<u>327,104</u>	<u>181,540</u>	<u>48,845</u>	<u>230,385</u>	<u>96,719</u>
Total expenditures	<u>\$ 13,783,864</u>	<u>\$ 10,244,183</u>	<u>\$ 1,984,343</u>	<u>\$ 12,228,526</u>	<u>\$ 1,555,338</u>
Excess of revenues over expenditures	<u>2,686,619</u>	<u>3,306,801</u>	<u>4,167,136</u>	<u>7,473,937</u>	<u>4,787,318</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Special Purpose Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**From Inception and Year Ended June 30, 2005**

	Grant Project		Actual		Variance
	Authorization	Prior	Current	Totals	Positive
		Years	Year	to Date	(Negative)
Other financing sources (uses):					
Operating transfers - in:					
UDAG Loan Fund	\$ 335,702	\$ 684,701	\$ -	\$ 684,701	\$ 348,999
Community Development Fund	297,120	297,120	-	297,120	-
GF-HOP Loan Fund	1,000,000	1,000,000	-	1,000,000	-
Storm Water Management Fund	38,333	29,950	8,357	38,307	(26)
General Fund	945,747	815,432	239,264	1,054,696	108,949
Total operating transfers - in	<u>2,616,902</u>	<u>2,827,203</u>	<u>247,621</u>	<u>3,074,824</u>	<u>457,922</u>
Operating transfers - out:					
General Fund	(4,861,267)	(3,736,739)	(851,318)	(4,588,057)	273,210
Streets and Sidewalks Fund	(68,200)	(68,200)	68,200	-	68,200
UDAG Loan Fund	(46,130)	(46,130)	-	(46,130)	-
Home Investment Partnership Fund	(249,202)	(249,202)	-	(249,202)	-
Total operating transfers - out	<u>(5,224,799)</u>	<u>(4,100,271)</u>	<u>(783,118)</u>	<u>(4,883,389)</u>	<u>341,410</u>
Transfers to component unit	<u>(78,722)</u>	<u>(81,004)</u>	<u>-</u>	<u>(81,004)</u>	<u>(2,282)</u>
Total other financing uses	<u>(2,686,619)</u>	<u>(1,354,072)</u>	<u>(535,497)</u>	<u>(1,889,569)</u>	<u>797,050</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,952,729</u>	3,631,639	<u>\$ 5,584,368</u>	<u>\$ 5,584,368</u>
Fund balance at beginning of year			<u>1,953,024</u>		
Fund balance at end of year			<u>\$ 5,584,663</u>		



**CITY OF WILMINGTON, NORTH CAROLINA**

**Community Development Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**From Inception and Year Ended June 30, 2005**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 8,605,000	\$ 6,570,598	\$ 1,222,121	\$ 7,792,719	\$ (812,281)
Miscellaneous revenues:					
Sale of property	4,080	27,080	-	27,080	23,000
Insurance reimbursement	200	400	-	400	200
Refunds	917,450	917,450	-	917,450	-
Total miscellaneous revenues	921,730	944,930	-	944,930	23,200
Total revenues	9,526,730	7,515,528	1,222,121	8,737,649	(789,081)
Expenditures:					
Economic and physical development projects:					
Acquisition	552,076	268,601	38,475	307,076	245,000
Public facilities	1,191,890	752,054	308,867	1,060,921	130,969
Demolition	181,655	81,723	16,592	98,315	83,340
Domestic Violence	68,000	48,000	20,000	68,000	-
Shelter for homeless	255,500	222,486	33,000	255,486	14
Community Boys Club	254,847	234,847	20,000	254,847	-
Shaw-Speaks Center	15,000	14,852	-	14,852	148
Lot cleaning	65,000	63,901	-	63,901	1,099
Volunteers of America	179,145	159,145	20,000	179,145	-
Coastal Horizon Center	20,000	19,294	-	19,294	706
Girls, Inc.	80,600	80,600	-	80,600	-
Family Services	292,049	280,048	12,000	292,048	1
Cop program	98,975	95,757	-	95,757	3,218
Coalition of Success	13,500	13,500	-	13,500	-
Head Start of Wilmington	112,411	112,411	-	112,411	-
St. Stephens homeless shelter	2,850	2,847	-	2,847	3
Stepping Stone Manor	9,000	9,000	-	9,000	-
Cure AIDS of Wilmington	15,000	15,000	-	15,000	-
Mercy House shelter	10,000	10,000	-	10,000	-
Dreams of Wilmington	60,000	45,000	15,000	60,000	-
Food Bank of Coastal Carolina	2,000	2,000	-	2,000	-
Bottom Neighborhood Association	21,877	1,877	19,639	21,516	361
Brigade Boys and Girls Club	162,000	142,000	20,000	162,000	-
Leading Into New Communities	70,000	49,323	20,000	69,323	677
Amigos International	9,871	10,298	-	10,298	(427)
First Fruit Ministries	30,000	20,000	10,000	30,000	-
Housing counseling	20,000	13,731	6,269	20,000	-
Carousel Center	10,000	10,000	-	10,000	-
Wilmington interfaith network	10,000	-	10,000	10,000	-

**CITY OF WILMINGTON, NORTH CAROLINA**

**Community Development Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**From Inception and Year Ended June 30, 2005**

	Grant Project	Actual		Totals	Variance
	Authorization	Prior	Current	to Date	Positive
		Years	Year		(Negative)
Expenditures: (continued)					
Economic and physical development projects:(continued)					
Neighborhood grant program	\$ 71,586	\$ 55,664	\$ -	\$ 55,664	\$ 15,922
Relocation	59,345	14,425	7,695	22,120	37,225
Energy repairs/housing	123,210	89,609	36,227	125,836	(2,626)
Wilmington Community Coalition	124,261	39,949	67,908	107,857	16,404
North Fourth Street revitalization	194,645	194,006	-	194,006	639
Castle Street	27,823	11,709	-	11,709	16,114
Business training	12,000	43,719	6,873	50,592	(38,592)
Economic development	278,529	165,976	-	165,976	112,553
Charges for services	2,839,810	2,414,810	425,000	2,839,810	-
Equipment/administration	18,000	17,206	795	18,001	(1)
Code enforcement	508,000	508,000	-	508,000	-
Planning	10,000	10,000	-	10,000	-
Total expenditures	<u>8,080,455</u>	<u>6,343,368</u>	<u>1,114,340</u>	<u>7,457,708</u>	<u>622,747</u>
Excess of revenues over expenditures	<u>1,446,275</u>	<u>1,172,160</u>	<u>107,781</u>	<u>1,279,941</u>	<u>(166,334)</u>
Other financing sources (uses):					
Operating transfers - in:					
Commercial Loan Fund	305,205	298,418	5,859	304,277	(928)
Economic Development Loan Fund	42,700	42,701	-	42,701	1
Rehabilitation Loan Fund	45,000	45,000	-	45,000	-
Rental Rehabilitation Loan Fund	94,585	87,870	3,718	91,588	(2,997)
Total operating transfers - in	<u>487,490</u>	<u>473,989</u>	<u>9,577</u>	<u>483,566</u>	<u>(3,924)</u>
Operating transfers - out:					
Loan Funds	(1,390,765)	(1,103,177)	(117,358)	(1,220,535)	170,230
Streets and Sidewalks Fund	(93,000)	(92,972)	-	(92,972)	28
Parks and Recreation Fund	<u>(450,000)</u>	<u>(450,000)</u>	<u>-</u>	<u>(450,000)</u>	<u>-</u>
Total operating transfers - out	<u>(1,933,765)</u>	<u>(1,646,149)</u>	<u>(117,358)</u>	<u>(1,763,507)</u>	<u>170,258</u>
Total other financing uses	<u>(1,446,275)</u>	<u>(1,172,160)</u>	<u>(107,781)</u>	<u>(1,279,941)</u>	<u>166,334</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance at beginning of year			<u>-</u>		
Fund balance at end of year			<u>\$ -</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

**Home Investment Partnership Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**From Inception and Year Ended June 30, 2005**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 3,251,479	\$ 1,440,249	\$ 399,492	\$ 1,839,741	\$(1,411,738)
Miscellaneous	<u>148,130</u>	<u>148,130</u>	<u>226</u>	<u>148,356</u>	<u>226</u>
Total revenues	<u>3,399,609</u>	<u>1,588,379</u>	<u>399,718</u>	<u>1,988,097</u>	<u>\$(1,411,512)</u>
Expenditures:					
Economic and physical development projects:					
Community Development Housing					
Organizations	1,458,868	1,023,707	28,317	1,052,024	406,844
Housing construction	282,000	-	151,039	151,039	130,961
Homeless rental housing	350,000	218,558	31,442	250,000	100,000
Charges for services	230,031	180,000	50,031	230,031	-
Relocation assistance	<u>35,000</u>	<u>34,597</u>	<u>27,295</u>	<u>61,892</u>	<u>\$(26,892)</u>
Total expenditures	<u>2,355,899</u>	<u>1,456,862</u>	<u>288,124</u>	<u>1,744,986</u>	<u>610,913</u>
Excess of revenues over expenditures	<u>1,043,710</u>	<u>131,517</u>	<u>111,594</u>	<u>243,111</u>	<u>\$(800,599)</u>
Other financing sources (uses):					
Operating transfers - in:					
Home Loan Fund	310,590	426,726	85,987	512,713	202,123
Operating transfers - out:					
Home Loan Fund	<u>(1,354,300)</u>	<u>(558,243)</u>	<u>(197,581)</u>	<u>(755,824)</u>	<u>598,476</u>
Total other financing uses	<u>(1,043,710)</u>	<u>(131,517)</u>	<u>(111,594)</u>	<u>(243,111)</u>	<u>800,599</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance at beginning of year			<u>-</u>		
Fund balance at end of year			<u>\$ -</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

**Streets and Sidewalks Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**From Inception and Year Ended June 30, 2005**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental	\$ 1,908,832	\$ -	\$ 349,527	\$ 349,527	\$ (1,559,305)
Investment earnings	1,213,500	1,241,280	147,895	1,389,175	175,675
Donations	65,630	65,636	60,484	126,120	60,490
Miscellaneous	346,285	532,757	92,950	625,707	279,422
Total revenues	<u>3,534,247</u>	<u>1,839,673</u>	<u>650,856</u>	<u>2,490,529</u>	<u>(1,043,718)</u>
Expenditures:					
Transportation:					
Utility cuts program	346,285	237,436	16,191	253,627	92,658
Streets and sidewalk inventory	125,000	78,208	-	78,208	46,792
Pine Valley sidewalks	274,034	274,034	-	274,034	-
Fifth Street bridge	310,000	-	-	-	310,000
Bridge repairs 2004-05	100,000	-	-	-	100,000
Street rehabilitation 2004-05	750,000	-	180	180	749,820
Independence Boulevard phase II	4,308,258	-	187,789	187,789	4,120,469
Intersection improvements	100,000	-	10,035	10,035	89,965
Neighborhood traffic management	200,000	-	-	-	200,000
New Centre/Sigmon Drive improvements	200,000	-	200,000	200,000	-
Masonboro/Pine Grove intersection	235,000	-	-	-	235,000
Eastwood Road path	29,214	-	-	-	29,214
Military Cutoff preservation maps	300,000	-	34,800	34,800	265,200
New sidewalk construction 2004-05	200,000	-	-	-	200,000
Independence Boulevard	956,677	954,213	-	954,213	2,464
Sidewalk construction 2000-01	55,090	55,089	-	55,089	1
Traffic signal improvement	80,745	786	-	786	79,959
Greenville Loop Road bridge	86,623	75,185	-	75,185	11,438
Brunswick Street brick enhancements	157,377	157,377	-	157,377	-
Sidewalk rehabilitation 2001-02	431,324	430,852	-	430,852	472
Sidewalk assessment program	200,000	-	-	-	200,000
Eastwood Road bike path	545,240	670	161,239	161,909	383,331
Wrightsville and MacMillan Avenues	273,400	124	-	124	273,276
Dawson/Wooster street improvements	222,000	-	-	-	222,000
Marstellar CSX railroad crossing	15,000	-	-	-	15,000
Park Avenue paved shoulders	245,000	570	234,093	234,663	10,337
Wooster Street sidewalks	165,000	-	520	520	164,480
Dudley School property	95,046	-	-	-	95,046
Street rehabilitation 2003-04	1,626,090	159,022	308,449	467,471	1,158,619
Randall Parkway widening	3,605,455	66,036	139,946	205,982	3,399,473
Underground utility placement	268,743	-	11,000	11,000	257,743
New street paving	500,000	-	-	-	500,000
Sidewalk rehabilitation and repairs	620,947	-	348,769	348,769	272,178
Sidewalk construction 2003-04	91,416	-	620	620	90,796
Woodale and Mallard Street bike path	234,592	-	-	-	234,592
Military Cutoff bike path	250,000	-	-	-	250,000
Community College sidewalks	22,717	13,860	-	13,860	8,857

**CITY OF WILMINGTON, NORTH CAROLINA**

**Streets and Sidewalks Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**From Inception and Year Ended June 30, 2005**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures (continued):					
Transportation (continued):					
Transit capital grant match	\$ 152,000	\$ -	\$ 8,501	\$ 8,501	\$ 143,499
New sidewalk construction 1995-96	158,000	158,000	-	158,000	-
Street rehabilitation 1996-97	677,076	666,076	11,000	677,076	-
Water Street improvements	235,754	235,753	-	235,753	1
Park Avenue paving	1,471,867	1,471,743	-	1,471,743	124
Wrightsville Avenue reconstruction	1,399,597	1,399,597	-	1,399,597	-
Street resurfacing 1997-98	40,807	40,807	-	40,807	-
Live Oak/Park Avenue rehabilitation	12,318	12,318	-	12,318	-
Total expenditures	<u>22,373,692</u>	<u>6,487,756</u>	<u>1,673,132</u>	<u>8,160,888</u>	<u>14,212,804</u>
Excess of expenditures over revenues	<u>(18,839,445)</u>	<u>(4,648,083)</u>	<u>(1,022,276)</u>	<u>(5,670,359)</u>	<u>13,169,086</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	7,671,169	5,886,391	1,930,000	7,816,391	145,222
Special Purpose Fund	68,200	68,200	(68,200)	-	(68,200)
Total operating transfers - in	<u>7,739,369</u>	<u>5,954,591</u>	<u>1,861,800</u>	<u>7,816,391</u>	<u>77,022</u>
Operating transfers - out:					
Parks and Recreation Fund	(95,000)	(95,000)	-	(95,000)	-
Issuance of bonds	10,917,076	6,647,276	-	6,647,276	(4,269,800)
Issuance of installment obligation	278,000	403,000	-	403,000	125,000
Total other financing sources	<u>18,839,445</u>	<u>12,909,867</u>	<u>1,861,800</u>	<u>14,771,667</u>	<u>(4,067,778)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 8,261,784</u>	839,524	<u>\$ 9,101,308</u>	<u>\$ 9,101,308</u>
Fund balance at beginning of year			<u>8,261,784</u>		
Fund balance at end of year			<u>\$ 9,101,308</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

**Parks and Recreation Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**From Inception and Year Ended June 30, 2005**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental	\$ 975,000	\$ 1,075,000	\$ -	\$ 1,075,000	\$ 100,000
Investment earnings	681,375	780,164	42,331	822,495	141,120
Donations	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>80,000</u>	<u>-</u>
Total revenues	<u>1,736,375</u>	<u>1,935,164</u>	<u>42,331</u>	<u>1,977,495</u>	<u>241,120</u>
Expenditures:					
Cultural and recreational:					
Playground improvements 1999-2000	173,250	166,946	6,304	173,250	-
Riverwalk South	2,754,500	2,369,176	325,493	2,694,669	59,831
Riverwalk North	1,572,000	1,305,553	202,687	1,508,240	63,760
Park facility improvements 2004-05	125,000	-	8,202	8,202	116,798
Maides Park improvements	100,000	-	17,905	17,905	82,095
Soccer complex support	100,000	-	50,000	50,000	50,000
Park improvements 2000-01	123,510	114,662	5,386	120,048	3,462
Greenfield amphitheater	650,000	215,399	9,972	225,371	424,629
Park improvements 2002-03	100,000	-	28,239	28,239	71,761
Riverfront Park improvements	110,000	47,186	-	47,186	62,814
Community Arts center	100,000	16,410	118	16,528	83,472
Park improvements 2003-04	82,600	15,881	50,228	66,109	16,491
Godwin Stadium	206,375	121,828	84,546	206,374	1
Riverwalk signage	150,000	-	-	-	150,000
Intracoastal waterway park	75,000	1,800	-	1,800	73,200
Greenfield trail restoration	67,400	-	39,161	39,161	28,239
Legion Stadium	6,940,000	6,274,716	21,847	6,296,563	643,437
South 17th Street park	1,946,493	1,361,708	544,168	1,905,876	40,617
Riverwalk South - Muter's Alley	<u>261,042</u>	<u>254,792</u>	<u>-</u>	<u>254,792</u>	<u>6,250</u>
Total expenditures	<u>15,637,170</u>	<u>12,266,057</u>	<u>1,394,256</u>	<u>13,660,313</u>	<u>1,976,857</u>
Excess of expenditures over revenues	<u>(13,900,795)</u>	<u>(10,330,893)</u>	<u>(1,351,925)</u>	<u>(11,682,818)</u>	<u>2,217,977</u>
Other financing sources:					
Operating transfers - in:					
General Fund	2,772,802	2,224,355	575,000	2,799,355	26,553
Streets and Sidewalks Fund	70,000	70,000	-	70,000	-
Public Improvements Fund	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Total operating transfers - in	<u>2,842,802</u>	<u>2,299,355</u>	<u>575,000</u>	<u>2,874,355</u>	<u>31,553</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Parks and Recreation Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**From Inception and Year Ended June 30, 2005**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (continued):					
Issuance of bonds	\$ 2,821,493	\$ 2,821,493	\$ -	\$ 2,821,493	\$ -
Issuance of installment obligations	<u>8,236,500</u>	<u>8,297,773</u>	<u>-</u>	<u>8,297,773</u>	<u>61,273</u>
Total other financing sources	<u>13,900,795</u>	<u>13,418,621</u>	<u>575,000</u>	<u>13,993,621</u>	<u>92,826</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,087,728</u>	<u>(776,925)</u>	<u>\$ 2,310,803</u>	<u>\$ 2,310,803</u>
Fund balance at beginning of year			<u>3,087,728</u>		
Fund balance at end of year			<u>\$ 2,310,803</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

**Building Improvements Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**From Inception and Year Ended June 30, 2005**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental	\$ 421,886	\$ 185,794	\$ 139,700	\$ 325,494	\$ (96,392)
Investment earnings	1,263,136	796,865	179,880	976,745	(286,391)
Sale of real estate	1,163,370	1,162,979	-	1,162,979	(391)
Donations	250,000	-	250,000	250,000	-
Miscellaneous	-	5,958	-	5,958	5,958
Total revenues	<u>3,098,392</u>	<u>2,151,596</u>	<u>569,580</u>	<u>2,721,176</u>	<u>(377,216)</u>
Expenditures:					
General government:					
Kenan fountain restoration	490,000	64,540	234,710	299,250	190,750
City Hall/Thalian Hall	272,917	254,885	-	254,885	18,032
Police building	24,000,000	1,129,174	1,438,564	2,567,738	21,432,262
Convention Center	340,200	208,006	34,308	242,314	97,886
Building improvements 2004-05	200,000	-	-	-	200,000
Joint City-County Emergency Operations Center	285,000	-	-	-	285,000
ITS server consolidation	180,000	-	179,013	179,013	987
Bus garage	354,089	-	-	-	354,089
2004 Multimodal facility study	43,892	-	-	-	43,892
Training facility	1,500,000	-	-	-	1,500,000
Fire station improvements 2000-01	150,848	150,848	-	150,848	-
1998 Annexation fire stations	1,555,935	653,608	59,456	713,064	842,871
Community Arts Center	92,541	-	-	-	92,541
Administrative office building	1,525,424	1,289,503	2,284	1,291,787	233,637
City council chambers	650,000	249,354	74,835	324,189	325,811
Multi-modal facility study	162,000	-	43,892	43,892	118,108
Building improvements 2002-03	200,000	67,685	124,451	192,136	7,864
Document imaging	120,000	28,360	6,952	35,312	84,688
Building security	250,000	24,996	32,174	57,170	192,830
Workorder system	250,000	218,528	29,228	247,756	2,244
Market Street landing dock	92,000	-	500	500	91,500
Land acquisition and economic development	3,803,500	-	50,300	50,300	3,753,200
CCTV upgrade and expansion	85,000	2,692	76,300	78,992	6,008
Wave transit facility	124,200	-	76,506	76,506	47,694
Annexation fire stations	2,536,269	2,536,241	-	2,536,241	28
New fire headquarters	6,529,534	6,520,694	7,971	6,528,665	869
Communication equipment - technology enhancements	1,693,894	1,685,669	-	1,685,669	8,225
Operations center	<u>19,600,056</u>	<u>7,656,160</u>	<u>6,294,728</u>	<u>13,950,888</u>	<u>5,649,168</u>
Total expenditures	<u>67,087,299</u>	<u>22,740,943</u>	<u>8,766,172</u>	<u>31,507,115</u>	<u>35,580,184</u>
Excess of expenditures over revenues	<u>(63,988,907)</u>	<u>(20,589,347)</u>	<u>(8,196,592)</u>	<u>(28,785,939)</u>	<u>35,202,968</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

**Building Improvements Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**From Inception and Year Ended June 30, 2005**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources:					
Operating transfers - in:					
General Fund	\$ 10,335,608	\$ 6,748,540	\$ 3,587,589	\$10,336,129	\$ 521
Issuance of bonds	317,308	317,785	-	317,785	477
Issuance of installment obligations	53,335,991	13,391,038	39,080,000	52,471,038	(864,953)
Premium on installment obligations	<u>-</u>	<u>-</u>	<u>1,860,258</u>	<u>1,860,258</u>	<u>1,860,258</u>
Total other financing sources	<u>63,988,907</u>	<u>20,457,363</u>	<u>44,527,847</u>	<u>64,985,210</u>	<u>996,303</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (131,984)</u>	<u>36,331,255</u>	<u>\$36,199,271</u>	<u>\$36,199,271</u>
Fund balance at beginning of year			<u>(131,984)</u>		
Fund balance at end of year			<u>\$36,199,271</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

**Public Improvements Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**From Inception and Year Ended June 30, 2005**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental	\$ 18,840	\$ 16,625	\$ -	\$ 16,625	\$ (2,215)
Investment earnings	<u>227,138</u>	<u>255,087</u>	<u>10,596</u>	<u>265,683</u>	<u>38,545</u>
Total revenues	<u>245,978</u>	<u>271,712</u>	<u>10,596</u>	<u>282,308</u>	<u>36,330</u>
Expenditures:					
Capital projects:					
Transportation - streets and sidewalks:					
Masonboro/Pine Grove intersection	30,000	-	-	-	30,000
Eastwood Road path	73,786	-	-	-	73,786
Underground utility placement	31,257	-	-	-	31,257
Sidewalk construction 2003-04	8,584	-	-	-	8,584
Northern gateway	75,000	-	2,750	2,750	72,250
Median restoration	32,451	27,998	-	27,998	4,453
Sidewalk construction 1995-96	<u>38,097</u>	<u>25,296</u>	<u>-</u>	<u>25,296</u>	<u>12,801</u>
Total transportation - streets and sidewalks	<u>289,175</u>	<u>53,294</u>	<u>2,750</u>	<u>56,044</u>	<u>233,131</u>
Cultural and recreational:					
Legion Stadium improvements	<u>30,000</u>	<u>29,218</u>	<u>-</u>	<u>29,218</u>	<u>782</u>
General government:					
Building improvements 2003-04	200,000	-	84,497	84,497	115,503
ADA compliance	398,423	297,862	4,646	302,508	95,915
Annexation fire stations	<u>25,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,803</u>
Total general government	<u>624,226</u>	<u>297,862</u>	<u>89,143</u>	<u>387,005</u>	<u>237,221</u>
Total expenditures	<u>943,401</u>	<u>380,374</u>	<u>91,893</u>	<u>472,267</u>	<u>471,134</u>
Excess of expenditures over revenues	<u>(697,423)</u>	<u>(108,662)</u>	<u>(81,297)</u>	<u>(189,959)</u>	<u>507,464</u>
Other financing sources:					
Operating transfers - in:					
General Fund	<u>697,423</u>	<u>697,423</u>	<u>-</u>	<u>697,423</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 588,761</u>	<u>(81,297)</u>	<u>\$ 507,464</u>	<u>\$ 507,464</u>
Fund balance at beginning of year			<u>579,485</u>		
Fund balance at end of year			<u>\$ 498,188</u>		

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**CITY OF WILMINGTON, NORTH CAROLINA**

**Debt Service Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**Year Ended June 30, 2005**

	<u>2005</u>		<u>Variance Positive (Negative)</u>	
	<u>Budget</u>	<u>Actual</u>		
Revenues:				
Investment earnings	\$ -	\$ 21,440	\$ 21,440	
Total revenues	<u>-</u>	<u>21,440</u>	<u>21,440</u>	
Expenditures:				
Debt service:				
Principal retirement	4,585,417	4,585,416	1	
Interest and other charges	<u>3,414,583</u>	<u>2,131,877</u>	<u>1,282,706</u>	
Total expenditures	<u>8,000,000</u>	<u>6,717,293</u>	<u>1,282,707</u>	
Excess of expenditures over revenues	<u>(8,000,000)</u>	<u>(6,695,853)</u>	<u>1,304,147</u>	
Other financing sources (uses):				
Operating transfers-in:				
General Fund	8,000,000	11,000,000	3,000,000	
Issuance of installment obligations	8,535,107	8,285,000	(250,107)	
Premium on installment obligations	-	398,236	398,236	
Payment to redeem outstanding installment obligations	<u>(8,535,107)</u>	<u>(8,535,107)</u>	<u>-</u>	
Total other financing sources	<u>8,000,000</u>	<u>11,148,129</u>	<u>3,148,129</u>	
Net change in fund balance	<u>\$ -</u>	4,452,276	<u>\$ 4,452,276</u>	
Fund balance at beginning of year		<u>-</u>		
Fund balance at end of year		<u>\$ 4,452,276</u>		

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**CITY OF WILMINGTON, NORTH CAROLINA**

**Water and Sewer Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2005  
With Comparative Actual Amounts for Year Ended June 30, 2004**

	2005			
	Budget	Actual	Variance Positive (Negative)	2004 Actual
Revenues:				
Operating revenues:				
Charges for services:				
Water charges	\$ 9,454,150	\$ 9,768,008	\$ 313,858	\$ 8,630,396
Sewer charges	12,060,400	12,562,385	501,985	11,619,336
Total charges for services	<u>21,514,550</u>	<u>22,330,393</u>	<u>815,843</u>	<u>20,249,732</u>
Other operating revenues:				
Connection or reconnection fees	1,343,000	1,785,155	442,155	1,308,419
Hydrant rentals	497,601	497,601	-	497,601
Fire protection charges	146,000	169,949	23,949	139,966
Total other operating revenues	<u>1,986,601</u>	<u>2,452,705</u>	<u>466,104</u>	<u>1,945,986</u>
Total operating revenues	<u>23,501,151</u>	<u>24,783,098</u>	<u>1,281,947</u>	<u>22,195,718</u>
Nonoperating revenues:				
Facility impact fees	1,650,000	1,967,203	317,203	2,062,360
Investment earnings	240,000	297,412	57,412	173,655
Total nonoperating revenues	<u>1,890,000</u>	<u>2,264,615</u>	<u>374,615</u>	<u>2,236,015</u>
Total revenues	<u>25,391,151</u>	<u>27,047,713</u>	<u>1,656,562</u>	<u>24,431,733</u>
Expenditures:				
Operating expenditures:				
Line maintenance and repair and billing and meter reading	3,073,078	2,745,096	327,982	2,958,379
Administration	448,627	389,037	59,590	380,888
Water treatment	4,644,274	4,405,526	238,748	4,135,503
Wastewater treatment	5,098,090	4,755,509	342,581	4,629,774
Environmental services	1,322,150	1,135,383	186,767	1,107,196
Miscellaneous	1,324,100	1,459,048	(134,948)	1,292,363
Total operating expenditures	<u>15,910,319</u>	<u>14,889,599</u>	<u>1,020,720</u>	<u>14,504,103</u>
Nonoperating expenditures:				
Interest and other charges	3,062,891	2,374,903	687,988	2,512,425
Principal payments on bonds	4,082,832	4,082,833	(1)	4,097,746
Reserved for debt service	688,543	-	688,543	-
Capital outlay:				
Administration	2,300	1,803	497	166
Water and sewer line improvements	267,652	307,058	(39,406)	268,827

**CITY OF WILMINGTON, NORTH CAROLINA**

**Water and Sewer Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP) (Continued)**

**Year Ended June 30, 2005  
With Comparative Actual Amounts for Year Ended June 30, 2004**

	2005			2004
	Budget	Actual	Variance Positive (Negative)	Actual
Nonoperating expenditures: (continued)				
Water and wastewater treatment improvements	\$ 811,151	\$ 507,158	\$ 303,993	\$ 436,147
Environmental services	16,880	16,360	520	14,704
Total nonoperating expenditures	8,932,249	7,290,115	1,642,134	7,330,015
Total expenditures	24,842,568	22,179,714	2,662,854	21,834,118
Excess of revenues over expenditures	548,583	4,867,999	4,319,416	2,597,615
Other financing sources (uses):				
Operating transfers - out:				
Water and Sewer Capital Projects Fund	(1,044,000)	(1,044,000)	-	(310,000)
Issuance of refunding bonds	-	-	-	2,370,404
Payment to redeem outstanding bonds	-	-	-	(2,355,093)
Appropriated fund balance	495,417	-	(495,417)	-
Total other financing uses, net	(548,583)	(1,044,000)	(495,417)	(294,689)
Net change in fund balance	\$ -	3,823,999	\$ 3,823,999	2,302,926
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Capital asset expenditures		440,718		287,466
Principal payments on bonds		4,082,833		4,097,746
Water and sewer charges accrual		(131,546)		36,092
Interest expense accrual		(161,724)		(139,929)
Investment earnings accrual		49,637		38,396
Vacation and sick leave accrual		(8,224)		(61,516)
Change in inventory		18,484		3,395
Capital contributions - others		709,200		798,140
Capital contribution to General Government		-		(4,197)
Investment earnings - Water and Sewer Capital Projects Fund		313,400		269,745
Other noncapital expenses - Water and Sewer Capital Projects Fund		(107,907)		(50,811)
Proceeds from refunding bonds		-		(15,311)
Deferred charge - bond costs		-		17,950
Depreciation		(4,255,321)		(4,306,608)
Amortization		(124,477)		(124,477)
Operating transfer to Water and Sewer Capital Projects Fund		1,044,000		310,000
Connection fees		(40,548)		(46,026)
Other		(1,519)		3,462
Change in net assets		\$ 5,651,005		\$ 3,416,443

**CITY OF WILMINGTON, NORTH CAROLINA**

**Water and Sewer Capital Projects Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**From Inception and Year Ended June 30, 2005**

	Grant Project	Actual		Totals	Variance
	Authorization	Prior	Current	to Date	Positive
		Years	Year		(Negative)
Revenues:					
Investment earnings	\$ 9,669,765	\$ 10,493,724	\$ 313,400	\$ 10,807,124	\$ 1,137,359
Restricted intergovernmental	5,117,617	4,133,182	123,376	4,256,558	(861,059)
Other revenue	-	1,801	-	1,801	1,801
Total revenues	14,787,382	14,628,707	436,776	15,065,483	278,101
Expenditures:					
Capital outlay:					
Market Street drainage	168,000	129,139	37,556	166,695	1,305
Pump station flow meters	100,000	-	-	-	100,000
Pump station generators	678,000	629,046	37,643	666,689	11,311
Pump station 34 grit removal	200,000	-	-	-	200,000
Meares Street sewer	625,951	625,950	-	625,950	1
King's Bluff	720,000	420,888	72,936	493,824	226,176
Annexation 98 fire hydrants	684,527	666,545	17,981	684,526	1
SCP Utilities relocation	1,540,000	42,628	-	42,628	1,497,372
Sweetwater branch sewer	124,000	-	-	-	124,000
Northside heat exchanger	140,000	-	-	-	140,000
Corrosion control valve					
replacement	115,000	-	61,824	61,824	53,176
Water distribution system					
improvements	1,865,000	-	-	-	1,865,000
Meter replacement	300,000	-	-	-	300,000
ASR phase II field investigation	500,000	-	41,586	41,586	458,414
Cowan Station sewer outfall	340,134	340,133	-	340,133	1
Mineral Springs outfall	302,500	500	-	500	302,000
Annexation 98 sewers	3,762,680	735,024	85,995	821,019	2,941,661
Annexation 98 distribution mains	7,201,999	3,121,609	2,065,479	5,187,088	2,014,911
Greenville Loop Road bridge	20,600	14,328	6,272	20,600	-
Pump stations 10, 12, 14	724,917	53,295	429,808	483,103	241,814
Recycling pump station	566,142	138,264	417,251	555,515	10,627
Water system master plan	246,000	-	101,700	101,700	144,300
Downtown water/sewer					
rehabilitation	518,046	279,540	-	279,540	238,506
Pump station 9	526,000	-	793	793	525,207
Sewer maintenance and					
replacement 2002-03	649,000	-	26,500	26,500	622,500
Downtown water/sewer					
rehabilitation 2002-03	110,000	-	-	-	110,000
Hazmat remediation	50,500	50,330	-	50,330	170
Water valve replacement 2002-03	100,000	-	-	-	100,000
Water laterals	50,000	-	14,526	14,526	35,474

(Continued)



**CITY OF WILMINGTON, NORTH CAROLINA**

**Water and Sewer Capital Projects Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP) (Continued)**

**From Inception and Year Ended June 30, 2005**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Capital outlay: (continued)					
Sweeney filter rehabilitation	\$ 150,000	\$ 145,293	\$ -	\$ 145,293	\$ 4,707
Vulnerability assessment					
improvements	585,000	15,999	391,109	407,108	177,892
Sweeney study and construction	60,000	-	-	-	60,000
Water reuse project	75,000	-	-	-	75,000
Tank improvements	2,061,914	1,544,243	-	1,544,243	517,671
Annexation - sewer	700,000	673,037	-	673,037	26,963
Annexation - water	5,518,060	5,123,547	150,095	5,273,642	244,418
Pump Station 18 elimination	67,500	67,468	-	67,468	32
VFDs - PS 10,14, NS Effluent PS	1,542,499	1,542,498	-	1,542,498	1
Burnt Mill Creek outfall	3,259,196	3,153,562	-	3,153,562	105,634
Greenville Loop Road force main	200,000	24,480	-	24,480	175,520
Wrightsville Avenue reconstruction	451,400	394,175	-	394,175	57,225
New elevated water tank	3,356,215	3,188,141	1,809	3,189,950	166,265
Coleman Complex improvements	99,750	20,879	-	20,879	78,871
Upgrade pump station 5,6,8 and 11	622,000	3,383	-	3,383	618,617
Pump station 10 improvements	285,501	9,327	23,982	33,309	252,192
Pump station 12 emergency					
generator	440,394	440,293	-	440,293	101
Replace Northside trickling filter					
distributor	161,100	161,037	-	161,037	63
Southside WWTP					
compressor/rotometer	224,500	-	-	-	224,500
Paint/repair Southside WWTP #1					
trickling filter	153,400	117,717	1,322	119,039	34,361
Southside WWTP expansion	450,000	272,212	-	272,212	177,788
Spring Branch outfall	146,652	146,652	-	146,652	-
Independence/Shipyard force main	3,063,374	3,051,298	2,125	3,053,423	9,951
Smith Creek outfall	233,180	2,000	2,030	4,030	229,150
Biosolids facility drainage pad/roof					
improvements	50,000	-	-	-	50,000
Annexation 95 water phase II	8,770,200	6,033,830	250,653	6,284,483	2,485,717
Oversizing water and sewer lines	456,528	150,313	-	150,313	306,215
Pump station 12 conveyor system	200,000	-	-	-	200,000
Pump station 34, 35 VFD control					
room improvements	1,400,000	66,247	-	66,247	1,333,753
Pump station 14 bar screen					
replacement	260,680	258,489	-	258,489	2,191
Pump station 36 bar screen					
improvement	45,000	42,634	-	42,634	2,366
Pump station 39 grinder	11,500	4,143	-	4,143	7,357
Northside WWTP expansion	6,531,000	4,012,389	440,075	4,452,464	2,078,536
Northside WWTP maintenance					
facility	557,513	557,513	-	557,513	-

**CITY OF WILMINGTON, NORTH CAROLINA**

**Water and Sewer Capital Projects Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP) (Continued)**

**From Inception and Year Ended June 30, 2005**

	Grant Project	Actual		Totals	Variance
	Authorization	Prior	Current	to Date	Positive
		Years	Year		(Negative)
Expenditures: (continued)					
Capital outlay: (continued)					
Sewer line replacement	\$ 592,235	\$ 93,523	\$ 396,123	\$ 489,646	\$ 102,589
Sludge scales	30,000	-	-	-	30,000
Division Drive pump station	1,774,230	1,655,407	-	1,655,407	118,823
Annexation 98 water mains	6,293,471	6,262,966	30,000	6,292,966	505
Water valve replacement	888,000	477,450	158	477,608	410,392
Water laterals and services	440,000	3,284	-	3,284	436,716
800mhz equipment	229,548	229,547	-	229,547	1
Water and sewer street construction	300,000	208,388	-	208,388	91,612
Total expenditures	<u>75,665,536</u>	<u>47,400,583</u>	<u>5,107,331</u>	<u>52,507,914</u>	<u>23,157,622</u>
Excess of expenditures over revenues	<u>(60,878,154)</u>	<u>(32,771,876)</u>	<u>(4,670,555)</u>	<u>(37,442,431)</u>	<u>23,435,723</u>
Other financing sources:					
Operating transfers - in:					
Water and Sewer Fund	34,620,068	33,646,070	1,044,000	34,690,070	70,002
Issuance of bonds	25,738,040	19,373,036	-	19,373,036	(6,365,004)
Appropriated fund balance	<u>520,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(520,046)</u>
Total other financing sources	<u>60,878,154</u>	<u>53,019,106</u>	<u>1,044,000</u>	<u>54,063,106</u>	<u>(6,815,048)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 20,247,230</u>	<u>\$ (3,626,555)</u>	<u>\$ 16,620,675</u>	<u>\$ 16,620,675</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Ground Water Utility Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2005  
With Comparative Actual Amounts for Year Ended June 30, 2004**

	2005			2004
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Charges for services:				
Water charges	\$ 3,814,000	\$ 3,958,412	\$ 144,412	\$ 3,877,423
Other operating revenues:				
Connection or reconnection fees	80,000	78,252	(1,748)	84,484
Total operating revenues	3,894,000	4,036,664	142,664	3,961,907
Nonoperating revenues:				
Investment earnings	25,000	48,492	23,492	24,156
Total revenues	3,919,000	4,085,156	166,156	3,986,063
Expenditures:				
Operating expenditures:				
Collections and billing	358,190	332,759	25,431	334,597
Water treatment	1,369,436	1,359,609	9,827	879,492
Line maintenance and repair and meter reading	435,997	322,293	113,704	331,261
Miscellaneous	51,647	25,750	25,897	25,750
Total operating expenditures	2,215,270	2,040,411	174,859	1,571,100
Nonoperating expenditures:				
Interest and other charges	1,054,230	1,060,610	(6,380)	1,087,010
Principal payments on installment obligations	615,000	615,000	-	590,000
Capital outlay:				
Collections and billing	8,400	7,375	1,025	9,952
Water treatment improvements	4,000	4,000	-	-
Water line improvements	30,600	8,954	21,646	19,796
Total nonoperating expenditures	1,712,230	1,695,939	16,291	1,706,758
Total expenditures	3,927,500	3,736,350	191,150	3,277,858
Excess of revenues over (under) expenditures	(8,500)	348,806	357,306	708,205
Other financing sources:				
Appropriated fund balance	8,500	-	(8,500)	-
Net change in fund balance	\$ -	348,806	\$ 348,806	708,205

**CITY OF WILMINGTON, NORTH CAROLINA**

**Ground Water Utility Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP) (Continued)**

**Year Ended June 30, 2005  
With Comparative Actual Amounts for Year Ended June 30, 2004**

	<u>2005</u>		<u>Variance</u>	<u>2004</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>	<u>Actual</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Depreciation		\$ (453,713)		\$ (453,713)
Amortization		(18,804)		(18,804)
Vacation and sick leave accrual		(11,143)		(1,376)
Principal payments on installment obligations		615,000		590,000
Interest expense accrual		733		2,212
Investment earnings accrual		1,147		5,931
Water charges accrual		<u>(80,311)</u>		<u>32,409</u>
Change in net assets		<u>\$ 401,715</u>		<u>\$ 864,864</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Solid Waste Management Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2005  
With Comparative Actual Amounts for Year Ended June 30, 2004**

	<u>2005</u>		Variance Positive (Negative)	2004 Actual
	<u>Budget</u>	<u>Actual</u>		
Operating revenues:				
Charges for services:				
Refuse collection	\$ 6,478,775	\$ 6,474,956	\$ (3,819)	\$ 6,378,821
Recycling	<u>4,760</u>	<u>12,693</u>	<u>7,933</u>	<u>10,196</u>
Total operating revenues	<u>6,483,535</u>	<u>6,487,649</u>	<u>4,114</u>	<u>6,389,017</u>
Operating expenditures:				
Administration	281,046	277,082	3,964	267,977
Customer refuse	4,053,613	3,826,068	227,545	3,640,745
Recycling	658,753	572,741	86,012	556,637
Yard waste	1,285,851	1,252,860	32,991	1,130,304
Special services	268,950	236,627	32,323	252,602
Downtown collection	276,884	247,872	29,012	293,190
Miscellaneous	<u>457,662</u>	<u>447,212</u>	<u>10,450</u>	<u>447,212</u>
Total operating expenditures	<u>7,282,759</u>	<u>6,860,462</u>	<u>422,297</u>	<u>6,588,667</u>
Excess of operating expenditures over revenues	<u>(799,224)</u>	<u>(372,813)</u>	<u>426,411</u>	<u>(199,650)</u>
Nonoperating revenues:				
Investment earnings	30,000	41,750	11,750	25,489
Hurricane disaster assistance	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
Total nonoperating revenues	<u>30,000</u>	<u>41,750</u>	<u>11,750</u>	<u>65,489</u>
Excess of expenditures over revenues	<u>(769,224)</u>	<u>(331,063)</u>	<u>438,161</u>	<u>(134,161)</u>
Other financing sources:				
Operating transfer - in:				
General Fund	401,606	401,606	-	412,223
Appropriated fund balance	<u>367,618</u>	<u>-</u>	<u>(367,618)</u>	<u>-</u>
Total other financing sources	<u>769,224</u>	<u>401,606</u>	<u>(367,618)</u>	<u>412,223</u>
Net change in fund balance	<u>\$ -</u>	70,543	<u>\$ 70,543</u>	278,062
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Investment earnings accrual		2,831		3,351
Depreciation		-		(2,600)
Vacation and sick leave accrual		<u>22,871</u>		<u>(1,937)</u>
Change in net assets		<u>\$ 96,245</u>		<u>\$ 276,876</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Storm Water Management Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2005  
With Comparative Actual Amounts for Year Ended June 30, 2004**

	<u>2005</u>			
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2004 Actual</u>
Operating revenues:				
Charges for services:				
Utility fees	\$ 4,255,000	\$ 4,283,802	\$ 28,802	\$ 4,293,114
City streets	1,167,824	1,368,740	200,916	1,144,925
Miscellaneous operating revenue	<u>40,200</u>	<u>59,115</u>	<u>18,915</u>	<u>73,084</u>
Total operating revenues	<u>5,463,024</u>	<u>5,711,657</u>	<u>248,633</u>	<u>5,511,123</u>
Operating expenditures:				
Engineering	589,484	488,144	101,340	434,710
Operations	2,533,470	2,366,174	167,296	2,195,394
Street sweeping	541,520	543,580	(2,060)	526,135
Miscellaneous	<u>550,000</u>	<u>550,000</u>	<u>-</u>	<u>550,000</u>
Total operating expenditures	<u>4,214,474</u>	<u>3,947,898</u>	<u>266,576</u>	<u>3,706,239</u>
Excess of operating revenues over expenditures	<u>1,248,550</u>	<u>1,763,759</u>	<u>515,209</u>	<u>1,804,884</u>
Nonoperating revenues (expenditures):				
Facility fees	120,000	43,979	(76,021)	47,306
Investment earnings	55,000	83,865	28,865	50,476
Interest and fiscal charges	(210,618)	(210,618)	-	(229,902)
Principal payments on bonds	(428,522)	(428,522)	-	(428,522)
Reserved for debt service	<u>(64,285)</u>	<u>-</u>	<u>64,285</u>	<u>-</u>
Total nonoperating expenditures, net	<u>(528,425)</u>	<u>(511,296)</u>	<u>17,129</u>	<u>(560,642)</u>
Excess of revenues over expenditures	<u>720,125</u>	<u>1,252,463</u>	<u>532,338</u>	<u>1,244,242</u>
Other financing uses:				
Operating transfers out:				
Storm Water Capital Projects Fund	(1,301,500)	(1,301,500)	-	(264,000)
Special Purpose Fund	<u>(8,357)</u>	<u>(8,357)</u>	<u>-</u>	<u>(11,550)</u>
Total operating transfers - out	<u>(1,309,857)</u>	<u>(1,309,857)</u>	<u>-</u>	<u>(275,550)</u>
Appropriated fund balance	<u>589,732</u>	<u>-</u>	<u>(589,732)</u>	<u>-</u>
Total other financing uses, net	<u>(720,125)</u>	<u>(1,309,857)</u>	<u>(589,732)</u>	<u>(275,550)</u>
Net change in fund balance	<u>\$ -</u>	<u>(57,394)</u>	<u>\$ (57,394)</u>	<u>968,692</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Storm Water Management Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2005  
With Comparative Actual Amounts for Year Ended June 30, 2004**

	<u>2005</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
			<u>2004 Actual</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:			
Depreciation		\$(1,250,144)	\$ (1,166,461)
Vacation and sick leave accrual		(7,773)	(17,249)
Principal payments on bonds		428,522	428,522
Interest expense accrual		1,528	4,820
Investment earnings accrual		19,131	7,106
Capital contributions - others		1,191,033	1,012,902
Investment earnings - Storm Water Capital Projects Fund		17,232	17,101
Operating transfers - Storm Water Capital Projects Fund		1,301,500	264,000
Capital asset expenditures		113,929	67,618
Change in inventory		<u>8,333</u>	<u>4,980</u>
Change in net assets		<u>\$ 1,765,897</u>	<u>\$ 1,592,031</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Storm Water Capital Projects Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**From Inception and Year Ended June 30, 2005**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ 887,740	\$ 1,075,002	\$ 17,233	\$ 1,092,235	\$ 204,495
Restricted intergovernmental	<u>3,528,000</u>	<u>205,749</u>	<u>107,251</u>	<u>313,000</u>	<u>(3,215,000)</u>
Total revenues	<u>4,415,740</u>	<u>1,280,751</u>	<u>124,484</u>	<u>1,405,235</u>	<u>(3,010,505)</u>
Expenditures:					
Market Street drainage	468,219	489,904	(22,109)	467,795	424
Wrightsville Avenue culvert	100,000	-	1,700	1,700	98,300
Longstreet canal	2,449,000	479,813	20,562	500,375	1,948,625
Rileys branch	1,588,000	360,394	9,194	369,588	1,218,412
Seagate area improvements	518,412	2,075	375	2,450	515,962
Greenville Loop Road bridge	1,209,589	1,089,087	90,215	1,179,302	30,287
Lions Gate	842,514	111,549	8,103	119,652	722,862
Market Northwoods	525,000	79	1,650	1,729	523,271
Market Inland Greens	1,350,000	60,018	45,043	105,061	1,244,939
Mineral Springs 2002-03	293,625	-	-	-	293,625
Heidi Drive relief 2002-03	269,000	-	-	-	269,000
Drainage easement relief	59,000	-	-	-	59,000
Brenda Drive drainage	446,500	-	-	-	446,500
New Hanover County Storm Water Improvement project	3,240,000	132,749	85,279	218,028	3,021,972
Pine Valley stream restoration	925,000	-	1,251	1,251	923,749
Gillette Drive - phase 2 & 3	1,664,068	1,664,067	-	1,664,067	1
Burnt Mill Creek outfall	83,960	83,960	-	83,960	-
Greenfield dilution wells			-		-
Rosemont Avenue drainage	<u>351,100</u>	<u>7,824</u>	<u>312,853</u>	<u>320,677</u>	<u>30,423</u>
Total expenditures	<u>16,382,987</u>	<u>4,481,519</u>	<u>554,116</u>	<u>5,035,635</u>	<u>11,347,352</u>
Excess of expenditures over revenues	<u>(11,967,247)</u>	<u>(3,200,768)</u>	<u>(429,632)</u>	<u>(3,630,400)</u>	<u>8,336,847</u>
Other financing sources:					
Operating transfers - in:					
General Fund	127,154	127,155	-	127,155	1
Storm Water Management Fund	<u>3,172,251</u>	<u>1,870,752</u>	<u>1,301,500</u>	<u>3,172,252</u>	<u>1</u>
Total operating transfers - in	3,299,405	1,997,907	1,301,500	3,299,407	2
Issuance of bonds	5,295,144	1,979,199	-	1,979,199	(3,315,945)
Issuance of installment obligations	3,312,000	-	1,465,000	1,465,000	(1,847,000)
Premium on installment obligations	-	-	60,542	60,542	60,542
Issuance of other long-term obligations	<u>60,698</u>	<u>60,699</u>	<u>-</u>	<u>60,699</u>	<u>1</u>
Total other financing sources	<u>11,967,247</u>	<u>4,037,805</u>	<u>2,827,042</u>	<u>6,864,847</u>	<u>(5,102,400)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 837,037</u>	<u>\$ 2,397,410</u>	<u>\$ 3,234,447</u>	<u>\$ 3,234,447</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

**Golf Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2005  
With Comparative Actual Amounts for Year Ended June 30, 2004**

	2005			
	Budget	Actual	Variance Positive (Negative)	2004 Actual
Operating revenues:				
Fees and coupons	\$ 594,583	\$ 487,538	\$ (107,045)	\$ 489,181
Cart rentals	246,500	194,967	(51,533)	203,712
Concessions	120,000	89,311	(30,689)	114,721
Miscellaneous	<u>1,000</u>	<u>671</u>	<u>(329)</u>	<u>717</u>
Total operating revenues	<u>962,083</u>	<u>772,487</u>	<u>(189,596)</u>	<u>808,331</u>
Operating expenditures:				
Salaries and employee benefits	402,637	393,465	9,172	402,618
Repairs and maintenance	326,368	274,451	51,917	296,503
Miscellaneous	76,357	55,208	21,149	73,322
Capital outlay	<u>76,000</u>	<u>27,266</u>	<u>48,734</u>	<u>26,104</u>
Total operating expenditures	<u>881,362</u>	<u>750,390</u>	<u>130,972</u>	<u>798,547</u>
Excess of operating revenues over expenditures	<u>80,721</u>	<u>22,097</u>	<u>(58,624)</u>	<u>9,784</u>
Nonoperating revenues (expenditures):				
Investment earnings	7,500	12,606	5,106	8,759
Interest charges	(1,021)	(1,021)	-	(1,660)
Reserved for debt service	(65,838)	-	65,838	-
Principal payments on other long-term obligations	<u>(23,612)</u>	<u>(23,612)</u>	<u>-</u>	<u>(22,972)</u>
Total nonoperating expenditures, net	<u>(82,971)</u>	<u>(12,027)</u>	<u>70,944</u>	<u>(15,873)</u>
Excess of revenues over (under) expenditures	(2,250)	10,070	12,320	(6,089)
Appropriated fund balance	<u>2,250</u>	<u>-</u>	<u>(2,250)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>10,070</u>	<u>\$ 10,070</u>	<u>(6,089)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Investment earnings accrual		648		857
Depreciation		(83,123)		(84,719)
Principal payments on other long-term obligations		23,612		22,972
Capital asset expenditures		-		20,200
Interest expense accrual		25		51
Vacation and sick leave accrual		2,496		(4,930)
Change in inventory		(2,288)		2,415
Deferred revenues		(388)		13,620
Other		<u>1,529</u>		<u>-</u>
Change in net assets		<u>\$ (47,419)</u>		<u>\$ (35,623)</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Parking Facilities Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2005  
With Comparative Actual Amounts for Year Ended June 30, 2004**

	<u>2005</u>		Variance Positive (Negative)	2004 Actual
	<u>Budget</u>	<u>Actual</u>		
Operating revenues:				
Charges for services:				
Parking fees	\$ 1,412,320	\$ 1,151,724	\$ (260,596)	\$ 978,891
Parking violations	<u>505,000</u>	<u>512,875</u>	<u>7,875</u>	<u>485,314</u>
Total operating revenues	<u>1,917,320</u>	<u>1,664,599</u>	<u>(252,721)</u>	<u>1,464,205</u>
Operating expenditures:				
Salaries and benefits	66,873	57,467	9,406	38,485
Contracted services	868,373	868,657	(284)	720,107
Repairs and maintenance	16,000	6,598	9,402	-
Capital outlay	18,673	2,675	15,998	45,861
Other operating expenses	<u>267,672</u>	<u>209,979</u>	<u>57,693</u>	<u>114,198</u>
Total operating expenditures	<u>1,237,591</u>	<u>1,145,376</u>	<u>92,215</u>	<u>918,651</u>
Excess of operating revenues over expenditures	<u>679,729</u>	<u>519,223</u>	<u>(160,506)</u>	<u>545,554</u>
Nonoperating revenues (expenditures):				
Investment earnings	55,000	39,755	(15,245)	27,669
Other	-	-	-	11,846
Interest and other charges	(419,549)	(421,156)	(1,607)	(416,368)
Principal payments on installment obligations	(166,431)	(166,431)	-	-
Principal payments on other long-term obligations	<u>(167,385)</u>	<u>(167,385)</u>	<u>-</u>	<u>(171,854)</u>
Total nonoperating expenditures, net	<u>(698,365)</u>	<u>(715,217)</u>	<u>(16,852)</u>	<u>(548,707)</u>
Excess of expenditures over revenues	(18,636)	(195,994)	(177,358)	(3,153)
Appropriated fund balance	<u>18,636</u>	<u>-</u>	<u>(18,636)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(195,994)</u>	<u>\$ (195,994)</u>	<u>(3,153)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Investment earnings accrual		2		2,649
Investment earnings - Parking Facilities Capital Projects Fund		15,751		47,049
Capital asset expenditures		90,806		406,388
Vacation and sick leave accrual		(6)		(1,051)
Depreciation		(374,666)		(122,938)
Amortization		(6,974)		(6,974)
Principal payments on installment obligations		166,431		-
Principal payments on other long-term obligations		167,385		171,854
Interest expense accrual		<u>338</u>		<u>(1,357)</u>
Change in net assets		<u>\$ (136,927)</u>		<u>\$ 492,467</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Parking Facilities Capital Projects Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**From Inception and Year Ended June 30, 2005**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ 70,000	\$ 86,315	\$ 15,751	\$ 102,066	\$ 32,066
Expenditures:					
Northern riverfront deck	730,000	-	483,268	483,268	246,732
Water Street parking deck	8,525,000	127,516	110,665	238,181	8,286,819
Market Street parking deck	9,314,500	7,992,262	1,267,054	9,259,316	55,184
Total expenditures	18,569,500	8,119,778	1,860,987	9,980,765	8,588,735
Excess of expenditures over revenues	(18,499,500)	(8,033,463)	(1,845,236)	(9,878,699)	8,620,801
Other financing sources:					
Issuance of installment obligations	18,499,500	9,232,190	-	9,232,190	(9,267,310)
Net change in fund balance	\$ -	\$ 1,198,727	\$(1,845,236)	\$ (646,509)	\$ (646,509)

**CITY OF WILMINGTON, NORTH CAROLINA**

**Cape Fear Public Transportation Authority  
(A Discretely Presented Component Unit)  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2005  
With Comparative Actual Amounts for Year Ended June 30, 2004**

	2005		Variance Positive (Negative)	2004 Actual
	Budget	Actual		
Operating revenues:				
Passenger services	\$ 790,196	\$ 753,047	\$ (37,149)	\$ 677,119
Other	<u>500</u>	<u>-</u>	<u>(500)</u>	<u>-</u>
Total operating revenues	<u>790,696</u>	<u>753,047</u>	<u>(37,649)</u>	<u>677,119</u>
Operating expenditures:				
Labor	2,076,523	2,003,924	72,599	1,254,344
Fringe benefits	675,000	736,708	(61,708)	740,237
Materials and supplies	691,337	734,740	(43,403)	421,632
Purchased services	1,099,000	915,116	183,884	95,957
Utilities	52,400	53,373	(973)	44,419
Insurance	108,400	90,169	18,231	161,236
Taxes and licenses	2,500	2,583	(83)	24,429
Miscellaneous	76,350	55,546	20,804	23,562
Taxicab and leases	<u>32,000</u>	<u>11,146</u>	<u>20,854</u>	<u>103,504</u>
Total operating expenditures	<u>4,813,510</u>	<u>4,603,305</u>	<u>210,205</u>	<u>2,869,320</u>
Excess of operating expenditures over revenues	<u>(4,022,814)</u>	<u>(3,850,258)</u>	<u>172,556</u>	<u>(2,192,201)</u>
Nonoperating revenues (expenditures):				
Operating grant	70,384	16,956	(53,428)	77,989
Capital grant	9,277,222	-	(9,277,222)	-
Operating subsidy	3,952,430	3,833,302	(119,128)	2,114,212
Capital outlay:				
Facilities	(7,967,000)	-	7,967,000	-
Equipment	<u>(1,310,222)</u>	<u>-</u>	<u>1,310,222</u>	<u>-</u>
Total nonoperating revenues	<u>4,022,814</u>	<u>3,850,258</u>	<u>(172,556)</u>	<u>2,192,201</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Capital contributions from primary government		644,514		1,942,852
Capital contributions from other governments		448,707		-
Depreciation and amortization		<u>(789,762)</u>		<u>(666,481)</u>
Change in net assets		<u>\$ 303,459</u>		<u>\$ 1,276,371</u>

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**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Net Assets -  
Internal Service Funds**

**June 30, 2005**

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total Internal Service Funds
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 8,598,484	\$ 553,186	\$ 9,151,670
Accounts receivable	73,979	4,760	78,739
Due from other governments	2,652	-	2,652
Inventory of materials and supplies	117,959	-	117,959
	<u>8,793,074</u>	<u>557,946</u>	<u>9,351,020</u>
Total current assets			
Capital assets:			
Furniture, fixtures, machinery and equipment	16,084,647	-	16,084,647
Less accumulated depreciation	<u>(13,050,000)</u>	<u>-</u>	<u>(13,050,000)</u>
Total capital assets, net of accumulated depreciation	<u>3,034,647</u>	<u>-</u>	<u>3,034,647</u>
Total assets	<u>11,827,721</u>	<u>557,946</u>	<u>12,385,667</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	179,679	-	179,679
Accrued liabilities	4,784	-	4,784
Accrued vacation and sick leave	46,142	-	46,142
Total current liabilities	<u>230,605</u>	<u>-</u>	<u>230,605</u>
Noncurrent liabilities:			
Other long-term obligations	880,627	-	880,627
Accrued vacation and sick leave	32,443	-	32,443
Total noncurrent liabilities	<u>913,070</u>	<u>-</u>	<u>913,070</u>
Total liabilities	<u>1,143,675</u>	<u>-</u>	<u>1,143,675</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,154,020	-	2,154,020
Unrestricted	<u>8,530,026</u>	<u>557,946</u>	<u>9,087,972</u>
Total net assets	<u>\$ 10,684,046</u>	<u>\$ 557,946</u>	<u>\$ 11,241,992</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets -  
Internal Service Funds**

**Year Ended June 30, 2005**

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 1,642,624	\$ -	\$ 1,642,624
Charges for equipment replacement	1,457,811	227,400	1,685,211
Other operating revenues	<u>43,027</u>	<u>-</u>	<u>43,027</u>
Total operating revenues	<u>3,143,462</u>	<u>227,400</u>	<u>3,370,862</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	597,172	-	597,172
Materials and fuels consumed	17,265	-	17,265
Services	837,233	-	837,233
Utilities	6,063	-	6,063
Depreciation	1,440,957	-	1,440,957
Other operating expenses	<u>276,388</u>	<u>-</u>	<u>276,388</u>
Total operating expenses	<u>3,175,078</u>	<u>-</u>	<u>3,175,078</u>
Operating income (loss)	<u>(31,616)</u>	<u>227,400</u>	<u>195,784</u>
Nonoperating revenues (expenses):			
Investment earnings	144,599	7,748	152,347
Interest and other charges	(5,973)	-	(5,973)
Gain on retirement of capital assets	<u>62,202</u>	<u>-</u>	<u>62,202</u>
Total nonoperating revenues	<u>200,828</u>	<u>7,748</u>	<u>208,576</u>
Income before capital contributions and transfers	169,212	235,148	404,360
Capital contributions	84,264	-	84,264
Transfers to other funds	(83,120)	-	(83,120)
Transfers from other funds	<u>76,522</u>	<u>-</u>	<u>76,522</u>
Change in net assets	246,878	235,148	482,026
Net assets at beginning of year	<u>10,437,168</u>	<u>322,798</u>	<u>10,759,966</u>
Net assets at end of year	<u>\$ 10,684,046</u>	<u>\$ 557,946</u>	<u>\$ 11,241,992</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Cash Flows -  
Internal Service Funds**

**Year Ended June 30, 2005**

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 318,483	\$ -	\$ 318,483
Receipts from interfund services provided	2,823,247	227,400	3,050,647
Payments to suppliers	(1,068,448)	-	(1,068,448)
Payments to or on behalf of employees	(605,416)	-	(605,416)
Net cash provided by operating activities	<u>1,467,866</u>	<u>227,400</u>	<u>1,695,266</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(1,244,199)	-	(1,244,199)
Interest and other charges	(5,938)	-	(5,938)
Proceeds from other long-term obligations	880,627	-	880,627
Proceeds from retirement of capital assets	<u>95,338</u>	<u>-</u>	<u>95,338</u>
Net cash used in capital and related financing activities	<u>(274,172)</u>	<u>-</u>	<u>(274,172)</u>
Cash flows from investing activities:			
Investment earnings	<u>122,107</u>	<u>5,254</u>	<u>127,361</u>
Net increase in cash and cash equivalents	1,315,801	232,654	1,548,455
Cash and cash equivalents at beginning of year	<u>7,282,683</u>	<u>320,532</u>	<u>7,603,215</u>
Cash and cash equivalents at end of year	<u>\$ 8,598,484</u>	<u>\$ 553,186</u>	<u>\$ 9,151,670</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ (31,616)	\$ 227,400	\$ 195,784
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,440,957	-	1,440,957
Changes in assets and liabilities:			
Accounts receivable	(1,732)	-	(1,732)
Inventory of material and supplies	(27,385)	-	(27,385)
Accounts payable and accrued liabilities	81,098	-	81,098
Accrued vacation and sick leave	<u>6,544</u>	<u>-</u>	<u>6,544</u>
Net cash provided by operating activities	<u>\$ 1,467,866</u>	<u>\$ 227,400</u>	<u>\$ 1,695,266</u>
Supplemental disclosure of noncash investing, capital and related financing activities:			
Transfer of capital assets between proprietary funds	\$ 76,522	-	\$ 76,522
Transfer of capital assets to governmental funds	(83,120)	-	(83,120)
Capital contributions from governmental funds	84,264	-	84,264



**CITY OF WILMINGTON, NORTH CAROLINA**

**Equipment, Maintenance and Replacement Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2005  
With Comparative Actual Amounts for Year Ended June 30, 2004**

	2005			
	Budget	Actual	Variance Positive (Negative)	2004 Actual
Revenues:				
Operating revenues:				
Charges for services	\$ 1,517,855	\$ 1,642,623	\$ 124,768	\$ 1,730,061
Charges for equipment replacement	1,460,144	1,457,811	(2,333)	1,720,987
Other operating revenues	-	64,366	64,366	83,274
Total operating revenues	<u>2,977,999</u>	<u>3,164,800</u>	<u>186,801</u>	<u>3,534,322</u>
Nonoperating revenues:				
Investment earnings	80,000	129,268	49,268	77,723
Sale of capital assets	-	70,702	70,702	84,720
Total nonoperating revenues	<u>80,000</u>	<u>199,970</u>	<u>119,970</u>	<u>162,443</u>
Total revenues	<u>3,057,999</u>	<u>3,364,770</u>	<u>306,771</u>	<u>3,696,765</u>
Expenditures:				
Operating expenditures:				
Salaries, employee benefits and other personnel costs	608,852	590,628	18,224	561,050
Materials and fuels consumed	17,468	17,266	202	16,238
Maintenance and operating expenditures	646,257	867,711	(221,454)	851,302
Utilities	6,640	8,115	(1,475)	7,211
Other operating expenses	123,993	122,824	1,169	176,938
Total operating expenditures	<u>1,403,210</u>	<u>1,606,544</u>	<u>(203,334)</u>	<u>1,612,739</u>
Nonoperating expenditures:				
Capital and noncapital equipment	2,288,135	1,389,162	898,973	1,172,964
Interest charges	-	5,937	(5,937)	-
Reserve for replacement	1,643,986	-	1,643,986	-
Total nonoperating expenditures	<u>3,932,121</u>	<u>1,395,099</u>	<u>2,537,022</u>	<u>1,172,964</u>
Total expenditures	<u>5,335,331</u>	<u>3,001,643</u>	<u>2,333,688</u>	<u>2,785,703</u>
Excess of revenues over (under) expenditures	(2,277,332)	363,127	2,640,459	911,062
Other financing sources (uses):				
Issuance of other long-term obligation	-	880,627	880,627	-
Appropriated fund balance	<u>2,277,332</u>	<u>-</u>	<u>(2,277,332)</u>	<u>-</u>
Total other financing sources	<u>2,277,332</u>	<u>880,627</u>	<u>(1,396,705)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>1,243,754</u>	<u>\$ 1,243,754</u>	<u>911,062</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Equipment, Maintenance and Replacement Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP) (Continued)**

**Year Ended June 30, 2005  
With Comparative Actual Amounts for Year Ended June 30, 2004**

	2005		
	Budget	Actual	Variance Positive (Negative)
			2004 Actual
Reconciliation from budgetary basis (modified accrual) to full accrual basis:			
Capital asset expenditures		\$ 1,244,199	\$ 1,084,809
Investment earnings accrual		15,172	10,094
Interest Expense accrual		(35)	-
Vacation and sick leave accrual		(6,544)	(2,728)
Installment debt issuance		(880,626)	-
Inventory change		27,385	(2,254)
Depreciation		(1,440,957)	(1,709,462)
Disposal of capital assets		(33,136)	(16,752)
Capital contributions from governmental funds		84,264	-
Transfers of capital assets to governmental funds		(83,120)	85,887
Transfers of capital assets from enterprise funds		<u>76,522</u>	<u>56,689</u>
Change in net assets		<u>\$ 246,878</u>	<u>\$ 417,345</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Personal Computer Replacement Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2005  
With Comparative Actual Amounts for Year Ended June 30, 2004**

	2005			
	Budget	Actual	Variance Positive (Negative)	2004 Actual
Operating revenues:				
Charges for equipment replacement	\$ 222,725	\$ 227,400	\$ 4,675	\$ 164,525
Nonoperating revenues:				
Investment earnings	-	6,159	6,159	2,300
Total revenues	222,725	233,559	10,834	166,825
Nonoperating expenditures:				
Reserve for replacement	222,725	-	222,725	-
Excess of revenues over expenditures	<u>\$ -</u>	233,559	<u>\$ 233,559</u>	166,825
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Investment earnings accrual		1,589		838
Change in net assets		<u>\$ 235,148</u>		<u>\$ 167,663</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Capital Assets Used in the Operation of Governmental Funds <sup>(1)</sup>**  
**Schedule By Type and Source**

**June, 30 2005**

Governmental funds capital assets:

Land	\$ 8,090,728
Improvements other than buildings	12,930,455
Buildings, plant and structures	44,520,405
Furniture, fixtures, machinery and equipment	11,452,282
Streets and drainage	8,777,703
Construction in progress	<u>2,700,577</u>
Total governmental funds capital assets	<u>\$ 88,472,150</u>

Investment in governmental funds capital assets by source:

Prior years for which detail is not available	\$ 20,375,217
General Fund	9,180,426
Special Purpose Fund	970,642
Capital Project Funds	53,126,239
Accepted dedications	<u>4,819,626</u>
Total governmental funds capital assets	<u>\$ 88,472,150</u>

<sup>(1)</sup> This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Capital Assets Used in the Operation of Governmental Funds <sup>(1)</sup>**  
**Schedule By Function and Activity**

**June, 30 2005**

Function and Activity	<u>Land</u>	<u>Improvements other than Buildings</u>	<u>Buildings, Plant and Structures</u>
General government:			
City Manager	\$ -	\$ -	\$ -
Finance	-	-	-
Information Technology Services	-	-	-
Development Services	-	-	-
Public Services	-	-	-
General government buildings	<u>3,055,157</u>	<u>2,267,553</u>	<u>22,933,298</u>
Total general government	<u>3,055,157</u>	<u>2,267,553</u>	<u>22,933,298</u>
Public safety:			
Police	25,000	-	647,228
Fire	<u>1,457,126</u>	<u>-</u>	<u>10,643,769</u>
Total public safety	<u>1,482,126</u>	<u>-</u>	<u>11,290,997</u>
Transportation:			
Traffic engineering	37,638	-	72,364
Streets and drainage	<u>-</u>	<u>226,792</u>	<u>46,445</u>
Total transportation	<u>37,638</u>	<u>226,792</u>	<u>118,809</u>
Cultural and recreational:			
Parks and recreation	<u>3,208,242</u>	<u>10,436,110</u>	<u>10,035,866</u>
Economic and physical development	<u>307,565</u>	<u>-</u>	<u>141,435</u>
Total governmental funds capital assets	<u>\$ 8,090,728</u>	<u>\$ 12,930,455</u>	<u>\$ 44,520,405</u>

<sup>(1)</sup> This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

<u>Furniture, Fixtures, Machinery and Equipment</u>	<u>Streets and Drainage</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ 92,268	\$ -	\$ -	\$ 92,268
14,162	-	-	14,162
1,643,044	-	-	1,643,044
48,324	-	-	48,324
107,009	-	-	107,009
346,894	-	-	28,602,902
<u>2,251,701</u>	<u>-</u>	<u>-</u>	<u>30,507,709</u>
2,069,644	-	2,055,883	4,797,755
5,988,058	-	16,796	18,105,749
<u>8,057,702</u>	<u>-</u>	<u>2,072,679</u>	<u>22,903,504</u>
493,314	-	-	603,316
239,252	8,777,703	559,693	9,849,885
<u>732,566</u>	<u>8,777,703</u>	<u>559,693</u>	<u>10,453,201</u>
410,313	-	17,905	24,108,436
-	-	50,300	499,300
<u>\$ 11,452,282</u>	<u>\$ 8,777,703</u>	<u>\$ 2,700,577</u>	<u>\$ 88,472,150</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Capital Assets Used in the Operation of Governmental Funds <sup>(1)</sup>**  
**Schedule of Changes By Function and Activity**

**Year Ended June, 30 2005**

Function and Activity	July 1, 2004	Additions	Deductions
General government:			
City Manager	\$ 92,268	\$ -	\$ -
Finance	26,162	-	(12,000)
Information Technology Services	651,696	991,348	-
Development Services	49,014	8,950	(9,640)
Public Services	-	107,009	-
General government buildings	<u>22,620,099</u>	<u>9,161,532</u>	<u>(3,178,729)</u>
Total general government	<u>23,439,239</u>	<u>10,268,839</u>	<u>(3,200,369)</u>
Public safety:			
Police	3,440,595	1,358,304	-
Fire	<u>18,042,073</u>	<u>63,676</u>	<u>-</u>
Total public safety	<u>21,482,668</u>	<u>1,421,980</u>	<u>-</u>
Transportation:			
Traffic engineering	610,295	-	(6,979)
Streets and drainage	<u>7,147,379</u>	<u>2,729,616</u>	<u>(27,110)</u>
Total transportation	<u>7,757,674</u>	<u>2,729,616</u>	<u>(34,089)</u>
Cultural and recreational:			
Parks and recreation	<u>22,900,240</u>	<u>2,401,639</u>	<u>(1,193,443)</u>
Economic and physical development	<u>449,000</u>	<u>50,300</u>	<u>-</u>
Total governmental funds capital assets	<u>\$ 76,028,821</u>	<u>\$ 16,872,374</u>	<u>\$ (4,427,901)</u>

<sup>(1)</sup> This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

<u>Transfers</u>	<u>June 30, 2005</u>
\$ -	\$ 92,268
-	14,162
-	1,643,044
-	48,324
-	107,009
-	<u>28,602,902</u>
-	<u>30,507,709</u>
(1,144)	4,797,755
-	<u>18,105,749</u>
<u>(1,144)</u>	<u>22,903,504</u>
-	603,316
-	<u>9,849,885</u>
-	<u>10,453,201</u>
-	24,108,436
-	<u>499,300</u>
<u>\$ (1,144)</u>	<u>\$ 88,472,150</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Change in Ad Valorem Taxes Receivable**

**June 30, 2005**

Fiscal Year	Uncollected Balance July 1, 2004	Additions	Collections and Credits	Uncollected Balance June 30, 2005
2004-2005	\$ -	\$ 39,550,317	\$ 38,861,029	\$ 689,288
2003-2004	810,114	11,650	535,261	286,503
2002-2003	333,863	9,631	160,516	182,978
prior years	<u>592,020</u>	<u>7,050</u>	<u>90,341</u>	<u>508,729</u>
	1,735,997	39,578,648	39,647,147	1,667,498
Less allowance for uncollectible taxes	<u>(599,662)</u>	<u>-</u>	<u>(4,701)</u>	<u>(594,961)</u>
Totals	<u>\$ 1,136,335</u>	<u>\$ 39,578,648</u>	<u>\$ 39,642,446</u>	<u>\$ 1,072,537</u>

Reconciliation of collections and credits:

New Hanover County tax office

remittances:

Taxes - ad valorem - current year - General Fund	\$ 38,704,342
Taxes - ad valorem - prior years - General Fund	708,084
Taxes - ad valorem - penalties and interest - General Fund	<u>176,703</u>

Total remittances	39,589,129
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Amounts written off as abatements and because of statute of limitations	230,020
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Less penalties and interest	<u>(176,703)</u>
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Total collections and credits	<u>\$ 39,642,446</u>
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**CITY OF WILMINGTON, NORTH CAROLINA**

**Analysis of Current Tax Levy**

**For the Fiscal Year Ended June 30, 2005**

	City - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 8,282,529,755	\$ .46	\$ 38,099,636	\$ 35,963,746	\$ 2,135,890
Motor vehicles taxed at prior year's rate	225,226,361	.47	1,058,564	-	1,058,564
Penalties	<u>-</u>		<u>32,626</u>	<u>32,626</u>	<u>-</u>
Total	8,507,756,116		39,190,826	35,996,372	3,194,454
Discoveries:					
Current year taxes	68,821,304		316,578	313,105	3,473
Prior year taxes and penalties	-		<u>42,913</u>	<u>42,913</u>	<u>-</u>
Total			39,550,317	36,352,390	3,197,927
Abatements	<u>(34,062,391)</u>		<u>(156,687)</u>	<u>(105,255)</u>	<u>(51,432)</u>
Total property valuation	<u>\$ 8,542,515,029</u>				
Net levy			39,393,630	36,247,135	3,146,495
Uncollected taxes at June 30, 2005			<u>689,288</u>	<u>283,926</u>	<u>405,362</u>
Current year's taxes collected			<u>\$ 38,704,342</u>	<u>\$ 35,963,208</u>	<u>\$ 2,741,133</u>
Current levy collection percentage			<u>98.25%</u>	<u>99.22%</u>	<u>87.12%</u>

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TABLE 1

**CITY OF WILMINGTON, NORTH CAROLINA**

**General Governmental Expenditures by Function (1)**

**Last Ten Fiscal Years**

	<u>General Government</u>	<u>Public Safety</u>	<u>Transportation(3)</u>	<u>Economic and Physical Development</u>	<u>Cultural and Recreational</u>	<u>Debt Service (4)</u>	<u>Miscellaneous(2)</u>	<u>Capital Projects</u>	<u>Total</u>
1995-96	\$ 7,175,717	\$ 13,587,797	\$ 3,417,949	\$ 1,520,753	\$ 1,781,532	\$ 3,037,244	\$ 538,863	\$ 920,378	31,980,233
1996-97	7,609,810	15,074,384	3,924,488	1,699,448	2,008,507	3,255,889	7,736,187	1,635,891	42,944,604
1997-98	8,034,486	17,337,644	4,410,671	2,353,042	2,259,116	3,746,918	684,241	9,610,179	48,436,297
1998-99	8,945,083	20,788,298	3,776,170	2,074,538	2,292,568	5,519,582	1,491,147	10,446,961	55,334,347
1999-00	10,760,563	23,392,392	4,664,701	2,394,478	3,343,993	5,851,802	1,961,623	10,920,150	63,289,702
2000-01	12,615,632	26,808,518	5,161,508	2,722,637	3,791,800	5,822,625	1,000	5,065,811	61,989,531
2001-02	13,388,820	28,442,252	5,609,649	2,866,653	4,158,623	6,599,022	-	5,296,770	66,361,789
2002-03	13,290,907	29,692,037	10,001,337	4,869,211	4,005,275	6,261,189	77,177	6,429,641	74,626,774
2003-04	13,889,418	30,263,662	8,485,720	4,152,553	4,424,604	6,356,200	-	9,476,918	77,049,075
2004-05	14,407,847	30,111,837	7,237,874	4,112,306	4,560,497	6,717,293	899,162	11,925,453	79,972,269

(1) Includes General, Debt Service, Special Revenue and Capital Project Funds; does not include interfund transfers or operating subsidies to its discretely presented component unit.

(2) Includes hurricane disaster recovery of \$7,097,514 in 1996-97, \$648,342 in 1998-99, \$1,961,623 in 1999-2000, \$1,000 in 2000-01, \$77,177 in 2002-03 and \$899,162 in 2004-05. Miscellaneous General Fund expenditures are reported as general government nondepartmental expenditures beginning in 1999-2000.

(3) Beginning in fiscal year 1998-99, storm water operations are accounted for in an enterprise fund.

(4) Beginning in fiscal year 2004-05, debt service is accounted for in Debt Service Fund.

**TABLE 2****CITY OF WILMINGTON, NORTH CAROLINA****General Governmental Revenues by Source (1)****Last Ten Fiscal Years**

	<u>Ad Valorem Taxes(2)</u>	<u>Other Taxes</u>	<u>Donations</u>	<u>Inter- Governmental(3)</u>	<u>Licenses and Permits</u>	<u>Sales and Services</u>	<u>Fines and Forfeits</u>	<u>Investment Earnings</u>	<u>Miscellaneous</u>	<u>Total</u>
1995-96	\$ 15,171,213	\$ 9,793,894	\$ 105,309	\$ 5,959,072	\$ 1,383,557	\$ 2,637,326	\$ 214,770	\$ 831,530	\$ 303,132	\$36,399,803
1996-97	16,367,433	10,993,970	88,178	13,460,352	1,444,820	2,593,528	202,508	1,055,301	363,043	46,569,133
1997-98	17,472,181	10,862,426	200	7,705,656	1,552,683	2,578,437	250,295	1,950,315	954,462	43,326,655
1998-99	19,639,928	11,533,574	1,653	8,681,475	1,818,506	3,085,745	327,727	1,510,218	672,215	47,271,041
1999-00	33,775,923 (4)	13,800,805	450	9,161,493	2,120,152	3,164,229	338,420	1,401,783	864,357	64,627,612
2000-01	31,066,885	14,768,238	63,313	9,616,098	2,224,174	3,433,034	65,679 (5)	2,000,231	497,503	63,735,155
2001-02	42,523,366	13,349,944	76,805	8,461,139	2,562,725	3,796,988	29,503	849,774	1,918,911	73,569,155
2002-03	39,201,126	17,230,976 (6)	10,425	14,528,124	2,557,466	4,065,419	46,667	593,512	681,096	78,914,811
2003-04	39,462,243	18,089,680	7,560	9,990,884	2,755,356	4,071,509	42,656	485,589	1,486,863	76,392,340
2004-05	39,589,130	22,576,256	60,484	9,840,719	3,235,686	4,246,620	67,768	911,345	1,290,961	81,818,969

(1) Includes General, Debt Service, Special Revenue and Capital Project Funds; does not include interfund transfers

(2) Includes related penalties and interest.

(3) Includes hurricane disaster relief of \$6,803,427 in 1996-97, \$727,470 in 1998-99, \$1,981,505 in 1999-2000, \$276,309 in 2000-01, \$655,331 in 2001-02, \$83,683 in 2002-03, \$133,563 in 2003-04 and \$70,725 in 2004-05 .

(4) Includes area annexed effective January 31, 1999.

(5) Beginning in fiscal year 2000-01 parking fines are reported in the Parking Facilities Fund, an enterprise fund

(6) Restated to reflect a change in the availability criteria for recording revenues from 60 to 90 days

TABLE 3

## CITY OF WILMINGTON, NORTH CAROLINA

## Property Tax Levies and Collections

## Last Ten Fiscal Years

<u>Tax Year</u>	<u>Fiscal Year Ended June 30</u>	<u>Current Adjusted Tax Levy</u>	<u>Current Year Levy Collection</u>	<u>Percent Collected</u>	<u>Prior Years Levy Collections</u>	<u>Total Collections During Year</u>	<u>Percent of Total Collections to Adjusted Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Total Delinquent Taxes to Adjusted Tax Levy</u>
1995	1996	\$ 15,152,423	\$ 14,827,271	97.85 %	\$ 264,220	\$ 15,091,491	99.60 %	\$ 1,062,343	7.01 %
1996	1997	16,319,442	15,973,006	97.88	316,683	16,289,689	99.82	1,048,564	6.43
1997	1998	17,394,186	16,957,079	97.49	407,264	17,364,343	99.83	1,051,517	6.05
1998	1999	19,602,792	19,121,615	97.55	419,964	19,541,579	99.69	1,073,015	5.47
1999	2000	34,043,367	33,258,083	97.69	385,580	33,643,663	98.83	1,413,350	4.15
2000	2001	31,085,675	30,367,985	97.69	559,085	30,927,070	99.49	1,456,668	4.69
2001	2002	42,566,296	41,663,142	97.88	653,445	42,316,587	99.41	1,638,054	3.85
2002	2003	39,230,731	38,241,979	97.48	767,887	39,009,866	99.44	1,748,215	4.46
2003	2004	39,330,888	38,520,774	97.94	766,963	39,287,737	99.89	1,735,997	4.41
2004	2005	39,393,630	38,704,342	98.25	708,084	39,412,426	100.05	1,667,498	4.23

**TABLE 4****CITY OF WILMINGTON, NORTH CAROLINA****Assessed and Estimated Actual Value of Taxable Property****Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30</u>	<u>Tax Year Ended December 31</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Public Service Companies</u>	<u>Total Assessed Value</u>	<u>Percent of Assessed Value to Estimated Actual Value</u>
1996	1995	\$ 2,054,720,522	\$ 451,087,425	\$ 101,200,982	\$ 2,607,008,929	100 %
1997	1996	2,128,997,382	501,415,741	107,667,861	2,738,080,984	100
1998	1997	2,206,662,420	596,469,271	111,266,811	2,914,398,502	100
1999	1998	2,307,941,747	612,527,640	99,801,402	3,020,270,789	100
2000	1999	5,200,161,853	1,046,503,494	145,551,520	6,392,216,867 (1)	100
2001	2000	5,337,095,765	1,119,464,898	145,371,646	6,601,932,309	100
2002	2001	6,682,783,632	1,307,522,169	155,487,381	8,145,793,182	100
2003	2002	6,845,437,902	1,316,772,835	151,502,588	8,313,713,325	100
2004	2003	6,994,374,825	1,198,554,241	143,646,286	8,336,575,352	100
2005	2004	7,159,369,535	1,233,951,171	149,194,323	8,542,515,029	100

(1) Property appraised every eight years as required by State Law.

**TABLE 5****CITY OF WILMINGTON, NORTH CAROLINA****Property Tax Rates - Direct and Overlapping Governments  
(Per \$100 of Assessed Value)****Last Ten Fiscal Years**

<u>Tax year</u>	<u>Fiscal Year Ended June 30</u>	<u>New Hanover County</u>	<u>City of Wilmington</u>
1995	1996	\$ 0.630	\$ 0.580
1996	1997	0.645	0.595
1997	1998	0.665	0.595
1998	1999	0.665	0.650
1999	2000	0.565	0.470
2000	2001	0.610	0.470
2001	2002	0.690	0.470
2002	2003	0.690	0.470
2003	2004	0.680	0.470
2004	2005	0.680	0.460

The County levies a tax rate which all residents of the County must pay. In addition, the City tax rate is levied on residents within the corporate limits. These rates are shown above.



TABLE 6

## CITY OF WILMINGTON, NORTH CAROLINA

## Top Ten Taxpayers

June 30, 2005

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Corning, Inc.	Optical Fiber Manufacturer	\$ 163,807,829	1.96 %
Carolina Power & Light Co.	Utility	68,127,976	0.82
BellSouth Telephone Co.	Utility	50,598,718	0.61
UDRT of North Carolina LLC	Real estate	43,676,606	0.52
Independence Shoppingtown	Real estate	37,988,012	0.46
GS II University Centre LLC	Real estate	22,347,233	0.27
Piedmont Natural Gas Co Inc	Utility	18,113,961	0.22
National Gypsum Co	Wood Products Mfg	11,579,229	0.14
Belk Beery Co	Retail Dept Store	11,578,750	0.14
Landfall Associates	Real Estate	<u>11,466,319</u>	<u>0.14</u>
		<u>\$439,284,633</u>	<u>5.27 %</u>

TABLE 7

## CITY OF WILMINGTON, NORTH CAROLINA

## Computation of Legal Debt Margin

June 30, 2005

Total assessed valuation at June 30, 2004		<u>\$8,542,515,029</u>
Debt limit: 8% of total assessed value		<u>\$ 683,401,202</u>
Amount of debt applicable to debt limit:		
Total general obligation bonds	\$ 48,850,000	
Total other debt (including water and sewer revenue bonds)	<u>110,641,795</u>	
Gross debt	<u>159,491,795</u>	
Less:		
Deductions allowed by law:		
Water general obligation bonds	26,374,690	
Water and sewer revenue bonds	<u>18,418,416</u>	
Total deductions	<u>44,793,106</u>	
Total amount of debt applicable to debt limit		<u>114,698,689</u>
Legal debt margin		<u>\$ 568,702,513</u>

TABLE 8

## CITY OF WILMINGTON, NORTH CAROLINA

## Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita

## Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Population Estimate (1)</u>	<u>Taxable Property Assessed Value</u>	<u>Gross Bonded Debt (2)</u>	<u>Debt Payable from Enterprise Revenues (3)</u>	<u>Net Bonded Debt</u>	<u>Percent of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1996	62,269	\$2,607,008,929	\$ 74,645,000	\$ 51,049,458	\$ 23,595,542	.905 %	\$ 378.93
1997	62,968	2,738,080,984	69,925,000	48,451,160	21,473,840	.784	341.03
1998	64,513	2,914,398,502	77,455,000	46,171,316	31,283,684	1.073	484.92
1999	75,629	3,020,270,789	72,235,000	49,521,593	22,713,407	.752	300.33
2000	76,307	6,392,216,867	67,070,000	46,731,416	20,338,584	.318	266.54
2001	90,981	6,601,932,309	65,360,000	43,959,703	21,400,297	.324	235.22
2002	91,441	8,145,793,182	62,150,000	43,180,771	18,969,229	.233	207.45
2003	92,668	8,313,713,325	56,775,000	40,130,508	16,644,492	.200	179.61
2004	93,524	8,336,575,352	54,740,000	36,920,046	17,819,954	.214	190.54
2005	94,718	8,542,515,029	48,850,000	33,598,299	15,251,701	.179	161.02

(1) City of Wilmington Planning Department.

(2) Includes all long-term general obligation debt.

(3) These amounts include the general obligation bonds that are being repaid from water, sewer and storm water revenues.

TABLE 9

## CITY OF WILMINGTON, NORTH CAROLINA

Ratio of Annual Debt Service for  
General Bonded Debt to Total General Expenditures

## Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Fees</u>	<u>Total Debt Service</u>	<u>Total (1) General Expenditures</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
1995-96	\$ 1,825,204	\$ 1,212,040	\$ 3,037,244	\$ 31,980,233	9.5 %
1996-97	2,121,702	1,134,187	3,255,889	42,944,604	7.6
1997-98	2,214,358	1,288,190	3,502,548	48,436,297	7.2
1998-99	2,410,637	1,166,139	3,576,776	55,334,347	6.5
1999-00	2,374,463	1,065,678	3,440,141	63,289,702	5.4
2000-01	2,338,287	1,031,815	3,370,102	61,989,531	5.4
2001-02	2,431,070	1,027,163	3,458,233	66,361,789	5.2
2002-03	2,324,737	912,002	3,236,739	74,626,774	4.3
2003-04	2,596,854	657,616	3,254,470	77,049,075	4.2
2004-05	2,568,253	700,177	3,268,430	79,972,269	4.1

(1) Includes General, Debt Service, Special Revenue and Capital Projects Funds.  
Does not include interfund transfers.

TABLE 10

## CITY OF WILMINGTON, NORTH CAROLINA

## Computation of Direct and Overlapping Debt

June 30, 2005

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Wilmington</u>	<u>Amount Applicable to City of Wilmington</u>	<u>Percentage of City of Wilmington Total Assessed Valuation</u>
City of Wilmington	\$ 15,251,701 <sup>(1)</sup>	100.00 %	\$ 15,251,701	0.179%
New Hanover County <sup>(2)</sup>	224,949,000 <sup>(1)</sup>	58.98	<u>132,684,193</u>	<u>1.553%</u>
Total			<u>\$ 147,935,894</u>	<u>1.732%</u>

(1) Includes general obligation debt that will be retired with general governmental revenues (including property taxes). Not included are general obligation debts of self-supporting enterprise operations (water, sewer, solid waste disposal, storm water) or lease-purchase agreements for either general government or enterprise operations.

(2) New Hanover County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2005

TABLE 11

## CITY OF WILMINGTON, NORTH CAROLINA

## Demographic Statistics

## Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>Median Age (3)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Ratio (5)</u>
1996	62,269	\$ 23,819	35.2	20,533	5.8
1997	62,968	25,068	36.5	20,957	4.1
1998	64,513	26,346	35.7	21,488	4.9
1999	75,629 (6)	26,628	36.0	20,936	3.4
2000	76,307	28,559	36.3	21,792	3.9
2001	90,981 (7)	29,043	36.5	21,430	4.5
2002	91,441	29,408	36.6	21,854	6.6
2003	92,668	N/A	36.7	21,639	6.0
2004	93,524	N/A	36.9	22,140	3.6
2005	94,718	N/A	37.1	23,208	4.5

N/A - Not Available

(1) City of Wilmington Planning Department.

(2) Department of Revenue, State of North Carolina.

(3) North Carolina State Demographics, Median age statistics are for New Hanover County as a whole, which includes the City of Wilmington.

(4) Figures are for the New Hanover County Public Schools which includes the City of Wilmington (City's 2004 population estimated at 94,718 out of 174,313 total County population).

(5) Unemployment statistics are for New Hanover County provided by North Carolina Employment Security Commission. (Separate data for City not available.)

(6) Includes increase attributable to annexation effective in 1999.

(7) Includes increase attributable to annexation effective in 2000.

**TABLE 12****CITY OF WILMINGTON, NORTH CAROLINA****Property Value, Construction and Bank Deposits****Last Ten Fiscal Years**

<u>Fiscal Year Ending June 30</u>	<u>Number of Building Permits (1)</u>	<u>Residential Value (1) (in Thousands)</u>	<u>Nonresidential Value (1) (in Thousands)</u>	<u>Total Value</u>	<u>Bank Deposits (2) (in Thousands)</u>
1996	1,736	\$ 54,757	\$ 36,788	\$ 91,545	\$ 1,624,434
1997	1,830	49,424	67,635	117,059	1,786,912
1998	1,834	78,219	81,764	159,983	1,792,696
1999	1,924	57,755	119,952	177,707	1,890,079
2000	1,844	61,066	146,684	207,750	1,974,442
2001	1,763	67,205	133,980	201,185	2,078,568
2002	2,017	124,400	108,420	232,820	2,201,863
2003	2,034	115,798	107,628	223,426	2,424,186
2004	2,525	127,648	223,058	350,706	2,658,537
2005	1,955	194,574	118,605	313,179	3,216,346

N/A - Not Available

(1) Data provided by New Hanover Building Inspections Division.

(2) Data provided by Federal Deposit Insurance Corporation for New Hanover County, including the City of Wilmington.

**TABLE 13****CITY OF WILMINGTON, NORTH CAROLINA****Miscellaneous Statistics****June 30, 2005**

Date of incorporation	1739
Form of government	Council-Manager
Area	54 square miles
Miles of streets	382
Number of street lights	9,257
Fire protection:	
Number of stations	9
Number of firemen and officers (exclusive of volunteer firemen)	203
Police protection:	
Number of stations	1 headquarters, and 1 training facility
Number of policemen and officers	250
Municipal water department:	
Number of consumers	43,100
Average daily consumption	15,050,000
Miles of water mains	873
Sewers:	
Sanitary sewers	395 miles
Storm sewers	400 miles
Employees:	
Full-time Equivalent Positions	1,134
Recreation and Culture:	
Number of parks	42 with 419 acres
Number of recreation centers	9
Other	18-hole golf course



TABLE 14

## CITY OF WILMINGTON, NORTH CAROLINA

**Schedule of Compliance with the Rate Covenant <sup>(1)</sup> for the Water and Sewer System Revenue Bonds,  
Series 1998 and 1999 and the Water and Sewer System Refunding Revenue Bond, Series 2003**

**Last Seven Fiscal Years**

Fiscal Year Ended June 30	Gross Revenues <sup>(2)</sup>	Gross Expenses <sup>(3)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Debt Coverage <sup>(6)</sup>
				Revenue Bonds <sup>(4)</sup>	Other Debt <sup>(5)</sup>	Total	
1999	\$ 22,522,691	\$ 11,252,624	\$ 11,270,067	\$ 294,797	\$ 6,849,508	\$ 7,144,305	1.58
2000	23,959,960	12,152,805	11,807,155	1,133,678	6,660,177	7,793,855	1.51
2001	24,463,313	13,338,112	11,125,201	1,922,545	4,955,088	6,877,633	1.62
2002	24,278,286	14,300,823	9,977,463	1,923,245	4,725,266	6,648,511	1.50
2003	23,133,639	15,035,691	8,097,948	1,864,985	4,719,405	6,584,390	1.23
2004	24,729,940	15,169,890	9,560,050	1,863,435	4,412,296	6,275,731	1.52
2005	27,238,656	15,503,385	11,735,271	1,864,530	3,914,807	5,779,337	2.03

<sup>(1)</sup> The City issued water and sewer revenue bonds in the amount of \$7,500,000 dated December 1998 and \$15,615,000 dated September 1999. The series 1998 revenue bonds were exchanged in May 2003 for the series 2003 revenue bond.

<sup>(2)</sup> Gross revenues include all fees (including impact fees), other charges and investment income.

<sup>(3)</sup> Gross expenses exclude depreciation and bond interest.

<sup>(4)</sup> Includes principal and interest payments only.

<sup>(5)</sup> Other debt includes principal and interest payments for all subordinate, general obligation and other indebtedness.

<sup>(6)</sup> The required debt coverage for the revenue bonds is 1.20. The required debt coverage for all other debt is 1.00.



**Lanier, Whaley, Craft & Co.**  
*Certified Public Accountants and Consultants*

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards**

To the City Council  
City of Wilmington, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregated remaining fund information of the City of Wilmington, North Carolina as of and for the year ended June 30, 2005, which collectively comprises the City of Wilmington, North Carolina's basic financial statements, and have issued our report thereon dated November 18, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Wilmington, North Carolina's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We noted certain matters involving internal control over financial reporting that we have reported to management of the City of Wilmington, North Carolina in a separate letter dated November 18, 2005.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Wilmington, North Carolina's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Lamier, Whaley, Craft & Co.*

Wilmington, North Carolina  
November 18, 2005



**Lanier, Whaley, Craft & Co.**  
*Certified Public Accountants and Consultants*

**Report on Compliance with Requirements Applicable to Each Major  
Federal Program and Internal Control Over Compliance in  
Accordance with OMB Circular A-133 and the  
State Single Audit Implementation Act**

To the City Council  
City of Wilmington, North Carolina

Compliance

We have audited the compliance of the City of Wilmington, North Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2005. The City of Wilmington, North Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Wilmington, North Carolina's management. Our responsibility is to express an opinion on the City of Wilmington, North Carolina's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Wilmington, North Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Wilmington, North Carolina's compliance with those requirements.

In our opinion, the City of Wilmington, North Carolina complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

### Internal Control Over Compliance

The management of the City of Wilmington, North Carolina is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Wilmington, North Carolina's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Lamier, Whaley, Craft & Co.*

Wilmington, North Carolina  
November 18, 2005



**Lanier, Whaley, Craft & Co.**  
*Certified Public Accountants and Consultants*

**Report on Compliance with Requirements Applicable to Each Major State  
Program and Internal Control Over Compliance in Accordance with  
Applicable Sections of OMB Circular A-133 and the  
State Single Audit Implementation Act**

To the City Council  
City of Wilmington, North Carolina

Compliance

We have audited the compliance of the City of Wilmington, North Carolina, with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2005. The City of Wilmington, North Carolina's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the City of Wilmington, North Carolina's management. Our responsibility is to express an opinion on the City of Wilmington, North Carolina's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City of Wilmington, North Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Wilmington, North Carolina's compliance with those requirements.

In our opinion, the City of Wilmington, North Carolina complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2005.

### Internal Control Over Compliance

The management of the City of Wilmington, North Carolina is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the City of Wilmington, North Carolina's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major State program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Lamier, Whaley, Craft & Co.*

Wilmington, North Carolina  
November 18, 2005

**CITY OF WILMINGTON, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2005**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unqualified		
Internal control over financial reporting:			
* Material weakness(es) identified?	_____ yes	_____ <u>x</u> no	
* Reportable condition(s) identified that are not considered to be material weaknesses	_____ yes	_____ <u>x</u> none reported	
Noncompliance material to financial statements noted	_____ yes	_____ <u>x</u> no	

**Federal Awards**

Internal control over major federal programs:			
* Material weakness(es) identified?	_____ yes	_____ <u>x</u> no	
* Reportable condition(s) identified that are not considered to be material weaknesses	_____ yes	_____ <u>x</u> none reported	
Type of auditor's report issued on compliance for major federal programs:	Unqualified		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	_____ yes	_____ <u>x</u> no	

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant
14.239	Home Investment Partnership



**CITY OF WILMINGTON, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**Year Ended June 30, 2005**

**Section I - Summary of Auditor's Results (Continued)**

**Federal Awards (Continued)**

Dollar threshold used to distinguish  
between Type A and Type B Programs

\$ 300,000

Auditee qualified as low-risk auditee?

x yes        no

**State Awards**

Internal control over major State programs:

\* Material weakness(es) identified?

       yes x no

\* Reportable condition(s) identified that are  
not considered to be material weaknesses

       yes x none reported

Type of auditor's report issued on compliance for major  
State programs:

Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with the State Single  
Audit Implementation Act

       yes x no

Identification of major State programs:

Program Name

Powell Bill

State Maintenance Assistance for Urban, Small Urban  
and Regional Transit Systems

**CITY OF WILMINGTON, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**Year Ended June 30, 2005**

**Section II - Financial Statement Findings**

None reported

**Section III - Federal Award Findings and Questioned Costs**

None reported

**Section IV - State Award Findings and Questioned Costs**

None reported

**CITY OF WILMINGTON, NORTH CAROLINA**

**CORRECTIVE ACTION PLAN**

**Year Ended June 30, 2005**

**Section II – Financial Statement Findings**

None reported

**Section III – Federal Award Findings and Questioned Costs**

None reported

**Section IV - State Award Findings and Questioned Costs**

None reported

**CITY OF WILMINGTON, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**Year Ended June 30, 2005**

**Section II - Financial Statement Findings**

None reported

**Section III - Federal Award Findings and Questioned Costs**

None reported

**Section IV - State Award Findings and Questioned Costs**

None reported

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Expenditures of Federal and State Awards**

**Year Ended June 30, 2005**

Grantor/Passthrough Grantor/Program Title	Federal CFDA	Grant Award	Expenditures		
	Number	Number	Federal	State	Local
Federal Awards:					
<u>U.S. Department of Housing and Urban Development</u>					
Direct Program:					
Community Development Block Grant	14.218	B-96-MC-370010	\$ 795	\$ -	\$ -
Community Development Block Grant	14.218	B-98-MC-370010	720	-	-
Community Development Block Grant	14.218	B-99-MC-370010	7,695	-	-
Community Development Block Grant	14.218	B-02-MC-370010	50,055	-	-
Community Development Block Grant	14.218	B-03-MC-370010	202,105	-	-
Community Development Block Grant	14.218	B-04-MC-370010	516,328	-	454,000
Home Investment Partnerships Program	14.239	M-01-MC-37-0207	49,852	-	-
Home Investment Partnerships Program	14.239	M-02-MC-37-0207	76,316	-	-
Home Investment Partnerships Program	14.239	M-03-MC-37-0207	158,468	-	-
Home Investment Partnerships Program	14.239	M-04-MC-37-0207	153,070	-	48,000
Total U.S. Department of Housing and Urban Development			1,215,404	-	502,000
<u>U.S. Department of Transportation</u>					
Federal Transit Cluster:					
Direct Program:					
Urbanized Area Formula Program	20.507	NC-90-X356	1,359,444	-	908,313
Passthrough N.C. Department of Transportation:					
Urbanized Area Formula Program	20.507	NC-90-X270	14,580	-	3,645
Urbanized Area Formula Program	20.507	NC-90-X290	11,741	-	2,395
Urbanized Area Formula Program	20.507	NC-90-X335	12,905	66,752	(63,901)
Urbanized Area Formula Program	20.500	NC-03-0057-00	476,337	59,542	59,542
Total Federal Transit Cluster			1,875,007	126,294	909,994
Passthrough N.C. Department of Transportation:					
Transportation Planning	20.505	36230.27.4.6	36,680	4,585	4,585
Transportation Planning	20.505	36230.57.5.6	192,535	-	48,134
Transportation Enhancement Agreement	20.205	E-4516	128,991	-	32,248
			358,206	4,585	84,967

(Continued)

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Expenditures of Federal and State Awards  
(Continued)**

**Year Ended June 30, 2005**

Grantor/Passthrough Grantor/Program Title	Federal CFDA	Grant Award	Expenditures		
	Number	Number	Federal	State	Local
U.S. Department of Transportation (continued)					
Federal Highway Administration Passthrough N.C. Department of Environment and Natural Resources: Recreational Trails Program	20.219	P04025	\$ 50,000	\$ -	\$ 22,349
Passthrough N.C. Department of Transportation: Enhancement Agreement	20.205	E-4110	34,942	-	8,736
Enhancement Agreement	20.205	E-2971C	509	-	127
			85,451	-	31,212
Total U.S. Department of Transportation			2,318,664	130,879	1,026,173
U.S. Environmental Protection Agency					
Direct Program: Brownfield Pilots Cooperative Agreement	66.818	BP984801-99-0	19,079	-	-
Vulnerability Assessments and Related Security Improvements at Large					
Passthrough N.C. Department of Environment and Natural Resources: Burnt Mill Creek Watershed Outreach and Demonstration Project	66.460	EW-02052	52,729	-	35,153
Total U.S. Environmental Protection Agency			71,808	-	35,153
U.S. Department of Justice					
Direct Program: Local Law Enforcement Block Grant	16.592	2002-LB-BX-0443	16,211	-	4,002
Local Law Enforcement Block Grant	16.592	2003-LB-BX-1327	32,943	-	3,661
Local Law Enforcement Block Grant	16.592	2004-LB-BX-0138	8,034	-	892
Homeland Security Overtime Program	16.710	2003-OM-WX-0076	24,509	-	8,170
Bulletproof Vest Partnership	16.607	99002969	8,771	-	8,771
Community Gun Violence Prosecution Program	16.609	2001-GP-CX-0038	17,338	-	4,336
Passthrough N.C. Department of Crime Control and Public Safety: Kids & Families Making It: A Woodworking Program	16.548	065-1-02-001-AT-245	28,130	-	15,147
Dreambuilders	16.548	065-1-04-001-AT-722	54,071	-	27,035
Street Walkers Addiction Task Force	16.579	065-1-04-016-AD-501	44,585	-	14,861
Wilmington Youth Fitness and Mentoring	16.540	065-1-04-004-AD-448	16,002	-	5,335
Total U.S. Department of Justice			250,594	-	92,210

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Expenditures of Federal and State Awards  
(Continued)**

**Year Ended June 30, 2005**

Grantor/Passthrough Grantor/Program Title	Federal CFDA	Grant Award	Expenditures		
	Number	Number	Federal	State	Local
U.S. Department of Commerce					
Passthrough N.C. Department of Environmental and Natural Resources Greenville Lake Watershed Outreach	11.419	EW04059	\$ 10,640	\$ -	\$ 6,324
U.S. Department of Homeland Security					
Direct Program:					
Fire Operations and Firefighter Safety	83.544	EMW-2003-FG-10797	43,954	-	18,837
Passthrough N.C. Department of Crime Control and Public Safety:					
State Domestic Preparedness	97.004	HS-TE-03-4116	21,165	-	-
State Domestic Preparedness	97.004	HS-MU-03-4105	7,249	-	(7,249)
Public Assistance	97.036	1490-DR-NC	24,894	8,298	-
Total U.S. Department of Homeland Security			97,262	8,298	11,588
U.S. Department of Housing and Urban Development					
Direct Program:					
Rental Rehabilitation	N.A.	R-88-SG-37-0111	-	-	31,544
Total Federal Awards			3,964,372	139,177	1,704,992

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Expenditures of Federal and State Awards  
(Continued)**

**Year Ended June 30, 2005**

Grantor/Passthrough Grantor/Program Title	Federal CFDA	Grant Award	Expenditures		
	Number	Number	Federal	State	Local
State Awards:					
<u>N.C. Department of Transportation</u>					
Powell Bill Funds	-	9.90000	\$ -	\$ 2,795,336	\$ 29,526
State Maintenance Assistance for Urban, Small Urban and Regional Transit Systems	-	36234.19.3.1	-	837,335	-
State Maintenance Assistance for Urban, Small Urban and Regional Transit Systems	-	9.9052329	-	14,183	-
Transit Development Program	-	36225.7.2.1	-	31,589	31,588
Transfer/Maintenance Facility	-	39782	-	76,506	8,501
Traffic Agreement	-	35859	-	61,040	15,260
Brunswick Connector	-	36223.68.1.2	-	16,956	3,263
Municipal Agreement	-	E-3803	-	219,430	14,663
Municipal Agreement	-	N/A	-	372	132
Municipal Agreement	-	U-4751	-	45,098	-
Municipal Agreement	-	39738	-	1,190	510
Total N.C. Department of Transportation			-	4,099,035	103,443
<u>N.C. Department of Environment and Natural Resources</u>					
17th Street Park	-	2002-254	-	47,752	496,416
<u>N.C. Department of Insurance</u>					
Equipment		N/A	-	2,211	-
Permanent Checking Station Maintenance	-	N/A	-	2,424	-
Total N.C. Department of Insurance			-	4,635	-
Total State Awards			-	4,151,422	599,859
Total Awards			\$ 3,964,372	\$ 4,290,599	\$ 2,304,851



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Schedule of Expenditures of Federal and State Awards

Year Ended June 30, 2005

### NOTE 1 - General

The accompanying Schedule of Expenditures of Federal and State Awards represents the activity of all federal and State awards to the City of Wilmington, North Carolina. The City's reporting entity is defined in Note 1 to the City's basic financial statements. Expenditures are reported on the schedule only at such time as there is an approved award. As a result, certain expenditures incurred in a prior year may be reported for the first time in the current year or as a reimbursement of local expenditures reported in a prior year. All federal and state awards, received directly or indirectly (flow through) from federal and state agencies, are included on the schedule.

### NOTE 2 - Basis of Accounting

The accompanying schedule of expenditures of federal and state awards has been prepared on the modified accrual basis, which is described in Note 1 of the City's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, amounts presented in this schedule will frequently differ from amounts presented in, or used in the preparation of the financial statements.

### NOTE 3 - Relationship to Basic Financial Statements

With the exception of certain planning funds, the amounts reported in the accompanying schedule for the U.S. Department of Transportation's Urbanized Area Formula Program are accounted for in the discretely presented component unit. Amounts reported in the accompanying schedule for State Maintenance Assistance for Urban, Small Urban and Regional Transit Systems are also accounted for in the discretely presented component unit. Substantially all other federal and State programs are accounted for in the City's Governmental Funds.

### NOTE 4 - Federal Program Monies Used To Make Loans

The following schedule reflects the activity in the Federal loan programs.

	<u>CFDA Number</u>	<u>Outstanding June 30, 2004</u>	<u>Loaned or Assigned</u>	<u>Collected or Forgiven</u>	<u>Outstanding June 30, 2005</u>
<u>U.S. Department of Housing and Urban Development</u>					
Direct Program:					
Community Development Block Grant	14.218	\$ 5,693,253	\$ 335,333	\$ 499,848	\$ 5,528,738
Home Investment Partnership	14.239	3,047,782	200,321	78,796	3,169,307
Rental Rehabilitation	N.A.	126,904	31,544	18,522	139,926
Urban Development Action Grant	N.A.	414,605	-	11,576	403,029